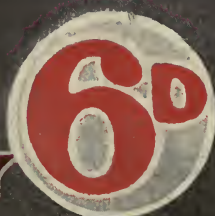


STEAD'S REVIEW

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W. BAKER



FEB. 3
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OF REVIEWS.

EDITED BY HENRY STEAD
—AND OTHERS.

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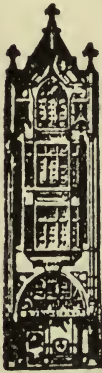
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The Federal Situation.

The present talk in political circles is rather as to when the elections should take place than about possible alliances. An election we are told would clear the air. That is certainly doubtful. If the Hughesites and the Liberals and the Labour Party all run candidates in each electorate, the return of Labour is a certainty, for the Hughesites lack any political machinery, their leader, is himself without a constituency, and their candidates will certainly get more Liberal than Labour votes. The Official Labour Party controls the political machine, and in a three-cornered contest it must win. In the Senate, even if Liberals and Hughesites came to an arrangement, and did not oppose each other, it is by no means certain that Labour would be much weakened in the Upper House. The recent referendum vote in New South Wales suggests that they would win the two Liberal seats, and the vote in South Australia makes it almost certain that the three Hughesites would be defeated by the Official Labour candidates. Although Victoria voted "Yes" the great victory of Labour at the last Senate poll makes it very doubtful indeed if the three retiring men would not defeat three Liberals. Neither Hughesites nor Labourites are likely to suffer defeat in West Australia and Queensland respectively. So that, on the whole, it would seem that an election would strengthen rather than weaken the hostile majority against the present Government in the Senate.



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AUSTRALIAN TROOPS GOING INTO THE TRENCHES IN PICARDY NOTE THE HELMETS AND THE MUD.



JANUARY 27, 1917.

Peace Without Victory.

A storm of indignant derision has broken about President Wilson's head owing to his Peace speech in the Senate. In this speech he advocated the formation of a League of Peace after the war, founded on equality of rights, and based on a plan of independent and united autonomy, with full freedom of development for small nations, freedom of the seas, and the limitation of armaments. A settlement, guaranteeing peace and justice throughout the world, cannot be long postponed, he declared, but the war must first be ended, and went on to say that the assertions of statesmen on both sides imply that there must be a "peace without victory." This phrase has been pounced on by those determined to carry on the war until Germany has been beaten flat, and used to ridicule the President and all his peace talk. . . . Only a peace between equals, he said, can last. Victory would mean a peace forced upon the loser—a victor's terms imposed upon the vanquished. It would be accepted in humiliation, under duress, at an intolerable sacrifice, and would leave a sting of resentment—a bitter memory upon which the terms of peace would rest, but only as upon quicksand.

What Does It All Mean?

Why did the President deliver himself of this dissertation upon Peace? Was his speech merely the expression of the views of a born pacifist, or was it the calculated utterance of the head of a mighty nation? Most of our critics regard his remarks as the irresponsible utterances of a crank; there are others, however, who see in them a purposeful preparing of the way for the next peace move. We must not forget that the agitation for peace did not suddenly collapse when Dr. Wilson received the Allies' answer to his Peace Note. In our last number I set forth what I considered the President would do, and I am quite convinced that, although we hear nothing about it, further correspondence is going on between the great neutral, the lesser neutrals, and the belligerent Powers. Ere long the results of this interchange of views will be known. Meanwhile the President is evidently anxious to get the world accustomed to the "peace without victory" idea. You hear plenty of people talk about a stalemate, yet somehow, though they have become more or less reconciled to that notion, they strongly resent mentioning the same thing when dressed in different garb, and called peace without victory!

Is Peace Near?

That there will be serious peace talk soon seems to me certain, but it is possible that it may be somewhat delayed until those statesmen in England, France and Italy who have recently been charged with the more vigorous prosecution of the war have made some great effort. Lloyd George and his present colleagues were put in office to "do something," to stop the drift, to give the Allies victory. Having been given power with the express object of putting things through, it is certain that they will set to work to "do something," and . . .

. . . We will have demonstrated to the neutrals, to our Allies, and especially to Russia, that we have it in our power to smash the enemy. Then we will have before us a long war, for we will feel doubly sure in demanding our present terms, perhaps something more, and Germany will never accept them until she is utterly crushed. But, though long, the war would be tolerable, because we would have demonstrated our ability to lick the enemy.

. . . Neither the Allies nor Germany are likely to quietly sit down looking at each other this year. If the *Entente* Powers are determined not to talk peace they will be compelled to show that they can defeat the enemy. If the Central Powers, on the other hand, are convinced that their foes will not discuss peace terms at all, they will equally prepare to show that an *Entente* victory is impossible.

The Enemy Object

The object of the Germans during the coming struggle will be rather to demonstrate to Russia the hopelessness of realising her dreams for Constantinople than to endeavour to smash England or France. If they can prove to the Russian Government that the Allies can never wrest his capital from the Sultan, then, they will no doubt argue, a separate peace with Russia is possible. They may try and achieve this object by a direct drive at Russia herself, or, realising the difficulty of reaching any vital spot in the Tsar's domains, they may turn their energies to attacking Italy or to smashing against our trenches in the west. On the whole, whilst they may conduct a big offensive against the French and the British in Flanders, Artois, Champagne or Alsace, the intention of that would be to prevent, or at any rate delay, our spring offensive, rather than to reach Calais, Paris or Belfort. If they hold the west they prove the stalemate permanent. Neither

France nor Britain is vulnerable, but Italy . . . Russia, by a tremendous offensive, might of course entirely upset Hindenburg's plans. But it is improbable that a successful drive could be inaugurated by Brusiloff in Courland, Poland, Galicia or Roumania for four or five months yet.

In Roumania.

During the last two weeks the resistance to the enemy advance has stiffened, and although the forces of von Mackensen have progressed, it has been but slowly. The Bulgarians captured Voden, a village ten miles by rail north of Braila, and less than two miles west of the spot where the river Sereth junctions with the Danube. Galatz does not stand at this junction, but three miles north-east. This capture obviously threatened the great river port, and the Russians promptly attacked the place in force and drove out the enemy. Reports from Petrograd announced that the Bulgars were leaving Braila, but that evacuation has apparently not taken place. Voden, however, is now in Russian hands. Von Mackensen drove the Russians out of Maicanesti, a key position on the Ramnicu stream just before it joins the Sereth, thirty miles west of Galatz, and about the same distance south-east of Focsani. Retreating from this spot—the centre of the main defences of the Sereth—the Russians retired beyond that river, but no word has yet come through of an enemy crossing having been effected.

Halt on the Sereth.

In the Dobrudja the Turks crossed the St. George's Channel of the Danube, and seized the northern bank opposite Tulcea. The objective was doubtless Ismail, the most important Russian river port situated on the Kilia Channel. The Russians, though, speedily threw the Turks back across the river, killing and capturing a large number. Further north the Russians claim to have arrested the enemy advance down the Trotus valley, and assert that they are throwing in great reinforcements. Berlin communique, however, claim advance down the Trotus, but admit the evacuation of Voden and the defeat of the Turks who crossed the St. George's Channel. The reports from Petrograd and Jassy are perhaps rather too optimistic, but they claim that the enemy has not yet got control of the Sereth line save in the centre. The failure to cut through north of Galatz has given the Roumanians time to get most of

the grain away which has been stored there waiting shipment when the war was over. At the moment it looks as if the Germans will be satisfied with having secured a very easily defended frontier, and are turning their energies elsewhere.

Did Roumania Supply the Enemy?

To their own satisfaction our military experts have proved that the Germans got very little grain in Wallachia, but in all their calculations they seem to assume that, at the most, only one year's harvest was stored there. Actually there must be three years' supplies in the country, unless the 1914 and 1915 crops had been sold to the Central Powers, which we were assured was not the case. These calculations, too, seem to reckon wheat only, but the maize crop is even larger than the wheat, and the combined yield of rye, barley and oats is just about equal to it. In addition there are in Wallachia at least 5,000,000 sheep and 2,000,000 cattle, not to mention pigs and goats. The enemy now assert that the oil wells will soon be working again. It is interesting to note that whilst the Germans had invested no less than £3,700,000 in Roumanian oil fields up to 1910, Great Britain had invested only £210,000, and France was little more interested.

The Riga Operations.

The Russian offensive under General Dimitrieff in Courland has been carried on

with varying fortunes. It is, however, evident that the Tsar's men have failed to break through to Mitau, an objective they at one time seemed to be on the eve of reaching. The fighting is now on the River Aa, where the Germans claim successes. It should be noted, though, that this river is some distance to the west of the lines the Germans took up at the end of 1915, when the Mackensen drive finished. Therefore, either during the present offensive or during the fighting in 1916, the enemy must have been driven back to this river on which Mitau stands. I fear that we cannot hope for a great advance in the north just yet. Lack of big guns in the south was presumably the reason of the Russian failure to rescue Roumania, and so important was it to prevent the Germans achieving a great success in Wallachia that had guns been anywhere available they would certainly have been sent to the Roumanian front; That the Germans will try to take Riga is probable, and we may, with justice, assume that the Russian activity in that region has as object the frustration of any such enemy plan.

Is It to be Italy?

Von Hindenburg is reported to have said openly that when he had finished with Roumania he would devote his attention to Italy. . . . Such reports may usually be entirely discounted, for great leaders do not disclose their plans, and talk only to mis-



A HEAVY ITALIAN SIEGE GUN BEING DRAGGED INTO POSITION BY KING VICTOR'S SOLDIERS.

lead. However, the presence of the redoubtable Field-Marshal in the Trentino, whither he has repaired with his *fidus Achatus*, von Ludendorff, lends probability to the report. There is no need to explain again the geographical configuration which makes Italy so particularly vulnerable to enemy attack. The northern frontier was drawn by Austrian military experts with the sole idea of giving Austria every possible advantage should war ever break out between her and her former vassal. Thus it comes about that the Trentino sticks, a great and formidable wedge, into the very heart of northern Italy, its southern end but forty-five miles distant from Venice. If

When, last May, the Austrians made their great attack from the Trentino, they made it rather to relieve Gorz, which was being imperilled by Italian advance, than to crush Italy. That, at any rate, is what experts now believe. The enemy did not concentrate enough troops, it appears, to carry out anything more than a great demonstration. Once the Italians rushed up troops from the Isonzo front the invasion was checked, and the gallant but far more numerous Italians were able to drive back the Austrians, even to win many positions which had previously defied all their efforts.

The Trentino Communications.

If we may believe Austrian reports, the Italian front has always been held with comparatively few men, the Russian theatre making such heavy demands on the manpower of the Dual Empire. If then von Fortunately, they have had plenty of time to get ready; they are amply supplied with big guns, and are noted as expert artillery men, and by this time should have a couple of million men available. They would prove a very different proposition to tackle from the Serbians, or the Roumanians.

One of the arguments used against the possibility of an offensive against Italy is that there is only one railway line in the Trentino, and that therefore a formidable concentration could not be rapidly effected, nor could a large force be properly supplied with war material and food. We do not, however, know whether since the war began the missing link between Landeck and Mals, a distance of forty-two miles, has not been built. Even if it has not, the road through the Inn Valley is good, and quite possible for motor transport. By making use of this, the enemy can command

three different routes to the Trentino—the main line from Innsbruck, through Bozen to Trent; the line from Austria, through Villach, paralleling the Carnic Alps, and junctioning with the Innsbruck railway at Brizen, twenty miles north of Bozen; and the line from Lake Constance to Landeck, forty miles west of Innsbruck, then by motor to Mals, and from there by railway to Bozen *via* Meran.

No Attack if Snow Flies.

Bozen would obviously be the headquarters of any large invading army, and from there many roads run into Italy. In order to prevent Count Cadorno from diverting troops, now operating in the main war theatre on the Carso, to strengthen the Trentino army, it would be an obvious move of von Hindenburg to throw a formidable force against the Italians who are concentrated for a further effort against Trieste. If indeed German high command holds it absolutely necessary to put forward every endeavour to crush Italy, a landing in force on the Venetian coast is by no means an improbability. Such a landing would threaten the communications of the Carso army, would take the Italians everywhere in the rear. That such a landing is possible is suggested by the evident control the Austrians appear to have of the northern Adriatic. There may be no onslaught on Italy at all, but if there is we must be prepared to see a much more formidable effort than that the Italians so brilliantly disposed of last year. If one is made now it will be under German direction, not under Austrian, and the soldiers of Emperor Charles will have amongst them a stern stiffening of German veterans. The terrible frosts now being experienced in Europe make it certain, however, that the enemy's blow at Italy, if contemplated, will not be immediately delivered. It is impossible to operate in the Trentino whilst whirling snowdrifts and icy weather hold the field.

The German Raider.

Things have been exceedingly quiet on land during the last two weeks, but there has been plenty of exciting incident afloat. The most dramatic occurrence was the sudden appearance of a German raider in the narrow sea which separates South America from Africa. We are so accustomed to regard the Atlantic as a vast ocean dividing the Old and New Worlds by immense distance, that it comes as a surprise to most folks to learn that Africa is sundered from

America by a stretch of water barely 1500 miles across. From Pernambuco to Sierra Leone is, in fact, not quite so far as from Sydney to Wellington! It is in this narrow bottle neck that the raider has been operating for the last four or five weeks, during which time she appears to have accounted for no less than 22 vessels. These she sank after taking off the crews, and presumably securing coal and other supplies she needed. The captured sailors were then crammed on board one of her victims—the *Yarrowdale*—which, in charge of a prize crew of 14, successfully ran the British blockade and reached Germany. Estimates vary as to the number of prisoners she had on board, but probably there were not less than 400. It is not the least surprising thing about this somewhat amazing occurrence that so small a crew could not only have prevented the captives from seizing the ship, but managed to navigate her safely home through the watching cordons drawn across the North Sea from Scotland to Norway.

Navy's Brilliant Record.

People have expressed chagrin that the mysterious raider was able to evade our blockade, but to me the surprise is always that this blockade has not been more often penetrated. In fact, the exploits of the raider demonstrate more effectively than could anything else the wonderful work of our navy. The Germans have plenty of swift cruisers, and the damage they could do once they got on to the great trade routes needs no emphasising. So obvious is this that it is indeed amazing that since the war began only two enemy cruisers have managed to escape the vigilance of our sailormen. One would assume it certain that the Germans have been trying to get speedy warships out all the time—and two is all they can show for their efforts! When we remember the conditions which obtain in the northern part of the North Sea during half the year, fog and storm and black weather, we are amazed that only two enemy ships have dodged our patrols. The grim tenacity of the men of the King's Navy has never been more brilliantly shown than in their ceaseless watch in the North Sea, a watch which saves England from starvation, and secures to her the produce of the world.

"Interned" Merchant Ships.

All sorts of extraordinary stories have been written about the German mystery

ship, and all manner of silly assumptions have been made. Perhaps the most stupid of all is the suggestion that the activities of the enemy vessel are in direct violation of the Monroe Doctrine. Actually, of course, that Doctrine does not come into question at all, until some European Power attempts to interfere actively in the affairs of the New World. Another silly tale relates to the possibility of "interned" German merchantmen "escaping" from some neutral harbour. So far as merchantmen are concerned there can be no question either of internment or escape. They are not imprisoned, they are merely sheltering in neutral ports and can leave them whenever they wish so to do, obtaining before they depart all the coal they want. I have read articles here which insist that neutrals should prevent the departure of German merchantmen; but if they did anything of the kind they would be guilty of a serious breach of international law; would, in fact, be committing a hostile act. The matter is, of course, different in the case of warships. These may not shelter long in the harbours of non-combatants, but are obliged to leave directly they have taken enough coal aboard to carry them to their nearest home port, or have completed repairs, should they be damaged. If they fail to leave, it then becomes the duty of the neutral to intern the vessels and keep the crews prisoner until the war is over. The laws governing ships of war in this matter do not at all apply to merchant vessels which are free to remain as long as they like, and leave whenever they wish.

The Bottle Neck.

It is somewhat surprising that the raider has escaped destruction for so long. Her first victim was sunk about the 12th of December, and she has been capturing ships ever since. Possibly, like the *Moewe*, she hastened home when the chase became too hot. Her operations appear to have been confined to the narrow sea connecting the North and South Atlantic, which must be used by every ship bearing the products of Argentine, Uruguay and Brazil to the markets of Europe. All ships going from Australia round the Cape of Good Hope, or the Horn, must traverse it on their way to British ports. Nowhere else, at the present time, could a raider find a more happy hunting-ground. She merely lays in wait, and her victims steam to meet her from the ends of the earth! Why should the enemy send submarines and raiders far afield, as



A LARGE FRENCH CANNON ON ITS WAY TO TAKE UP A NEW POSITION BEHIND THE LINES.



PRINCE ALEXANDER, COMMANDER-IN-CHIEF OF THE SERBIAN ARMIES, VISITING THE SCOTCH WOMEN'S AMBULANCE CAMP AT OSTROVO.

is sometimes suggested they intend to do? Why scour the waste of waters so long as it is possible to operate in the Atlantic bottle neck? If the raider has not already fled homewards her fate cannot be long delayed. Rumours state that the raider is the *Vineta*, a somewhat ancient protected cruiser which was launched over seventeen years ago. If so, she has probably been re-engined and rearmed. The *Vineta* is a ship of 5800 tons, 2300 tons larger than the *Emden*, but far slower than that fleet raider whose turbines developed 24 knots and over, whereas the best the *Vineta* could do on her trials was 19 knots. She is more heavily armed, though, than the *Emden*, carries larger guns even than those mounted on the destroyer of the raider whose remains lie on Keeling Island.

The Submarine Menace.

We are assured still that the shortage in shipping is not due to the exploits of the submarines, but to the demands of the military. All the same, we cannot but notice that the freight-carriers of the world are being steadily, if slowly, whittled away. According to reports from England, no fewer than 470 vessels have been sunk by enemy craft during the last ninety days. If we reckon them at an average of 2500 tons each—a low estimate—that means that no less than 1,175,000 tons of shipping has been destroyed in three months! When we recall that, before the war, an annual production from British shipyards of 1,800,000 tons was exceptionally large, there is excuse for the uneasiness which we feel. It takes many months to build even the smallest ship, but the mightiest leviathan can be sunk in a few moments. The Germans threaten to begin more active submarine warfare on the 1st of February, and propose to establish a "deep-sea barrier" round Great Britain, using for the purpose larger and more formidable U boats than any they have sent against our shipping. . . . However, whilst we know from Admiral Jellicoe that the submarine menace was never more serious than it is to-day, we also know from him that never was the Navy more efficient, more able to cope with the danger, and take comfort in the assurance.

An Affair of Destroyers.

On the night of January 22nd a flotilla of German destroyers, on the way from Zeebrugge to *Emden* was met by a British flotilla and a lively action took place. The

result has been hailed a notable British victory and the sinking of seven of the Germans is claimed—unofficially. The more conservative Admiralty announces that one enemy destroyer was sunk in the first engagement and the rest were scattered. They must have got together again, however, for a second engagement took place further north, during which one of our destroyers was torpedoed, and subsequently sunk. The German official account states that one of their boats was badly damaged, and ran into Ymuiden, but that all the other vessels returned to harbour. One British destroyer was sunk, according to this communique, and another was seen in a sinking condition. Presumably the Germans are rejoicing over a victory just as we are. Actually, there does not appear to have been an advantage for either side so far as actual losses go, but the number of ships sunk does not make much difference, the thing that matters is that the Germans, leaving their safe harbour, were chased back there again. They may come out, may put up a good fight, but in the end they have to leave the field. Even if they sank more vessels than did our men, we remain masters of the sea, and that is the only thing which really matters.

Greece Caves In.

King Constantine has ceased to be abused in the papers and on the street, for he has given way to the Allies demands, and is, therefore, once more regarded as a more-or-less sensible person, not unduly under Hohenzollern control. The blockade has not yet been raised, but when the army with its guns and rifles is safely over the Gulf of Corinth, the steel band which has been drawn about Hellas will be relaxed. Not altogether loosened, of course, for Greece, like other neutrals, is on allowance and may import only a definite amount of stuff from oversea, may export only to an extent agreed upon by the Allies. The stories of the presence of von Falkenhayn in Thessaly were obviously false, for a general of that standing would not be allowed to adventure himself into a country over which the Allies had virtual control. Then the acquiescence of the Greeks certainly suggests that the Germans do not propose to move at all against Sarraïl. He should, therefore, be in no danger, and may even make a move himself before very long. If, however, the Germans do not intend to start a campaign in Macedonia, what are their plans? Do they intend to strike at

Odessa, or is Venice their goal? In view of the troublous condition of affairs political in Russia, in view of the recent peace offers made by the Kaiser to the Tsar, and in view of the stumbling-block Constantinople is to the making of peace, I think everything points to some supreme effort for reasons which must be obvious to everyone. The Grecian collapse is probably due to the fact that Italy signed the last Note, a threat behind which stood the armies of King Victor.

Swiss Neutrality.

The cables are busy discussing the possibility of a German invasion of Switzerland, the alleged object of such a venture being to strike the French at an unprepared spot, or to fall upon Italy from an unexpected quarter. A look at the map shows that neither object would be achieved by the invasion of the little republic. It is quite true that Lord Roberts, writing several years ago, said that Germany would almost certainly invade France, should war break out, through Belgium and through Switzerland. From a military standpoint it was what one would naturally expect. But all the advantages of the Swiss route have now disappeared. The Switzers are not likely to be passive spectators, and they are a tough foe in their mountain fastnesses. Even if they consented, the French would promptly enter the country and block the road between Buchs and Biel. There could be no question of outflanking the French army in Alsace. We may be quite sure that the French frontier is now guarded with the most modern defences, would hold back a German onrush just as effectively as the earthworks at Verdun barred the enemy approach to that citadel. As for the other suggestion, that forces concentrated at Basle were intended for the invasion of Italy though Switzerland, it is obviously utterly absurd. It would mean the traversing of the entire country from north to south, the overcoming of the Alps, and even if that were achieved the Italians would have had ample time to concentrate the troops required to repel what would necessarily be a small force of invaders with long lines of communications, which might at any moment be cut by hostile Switzers. The concentration in the Black Forest may foreshadow a drive at Nancy or Belfort, may be merely a bluff. The prelude to an invasion of Switzerland I am convinced it is not.

Changes in Russia.

General Trepoff, who succeeded M. Sturmer as Prime Minister, had but a brief reign, but when he first assumed office he made that most important declaration concerning Constantinople to which I have pretty constantly referred of late. The text of that announcement has reached Australia, and leaves no room for doubt that Russia's main object now is to get possession of Stamboul and the Straits of Gallipoli. General Trepoff said:—

The vital interests of Russia are as well understood by our loyal Allies as by ourselves, and that is why an agreement, which we concluded in 1915 with Great Britain and France, and to which Italy has adhered, established in the most definite fashion the right of Russia to the Straits and to Constantinople. The Russian people should know for what they are shedding their blood, and, in accord with our Allies, the announcement of this agreement is made to-day from this tribune. I repeat that absolute agreement on this point is firmly established among the Allies, and there is no doubt that after she has obtained sovereign possession of a free passage into the Mediterranean, Russia will grant freedom of navigation for the Roumanian flag, which now, not for the first time, floats in battle side by side with the flag of Russia.

The date of making the agreement concerning Constantinople and the occasion when it was made public are of considerable interest. General Trepoff mentioned no particular month in 1915. but The people of Russia are told of this hitherto secret arrangement immediately after the fall of M. Sturmer, whose departure was occasioned by the denouncement of his peace negotiations by members of the Duma.

The Tsar's Rescript.

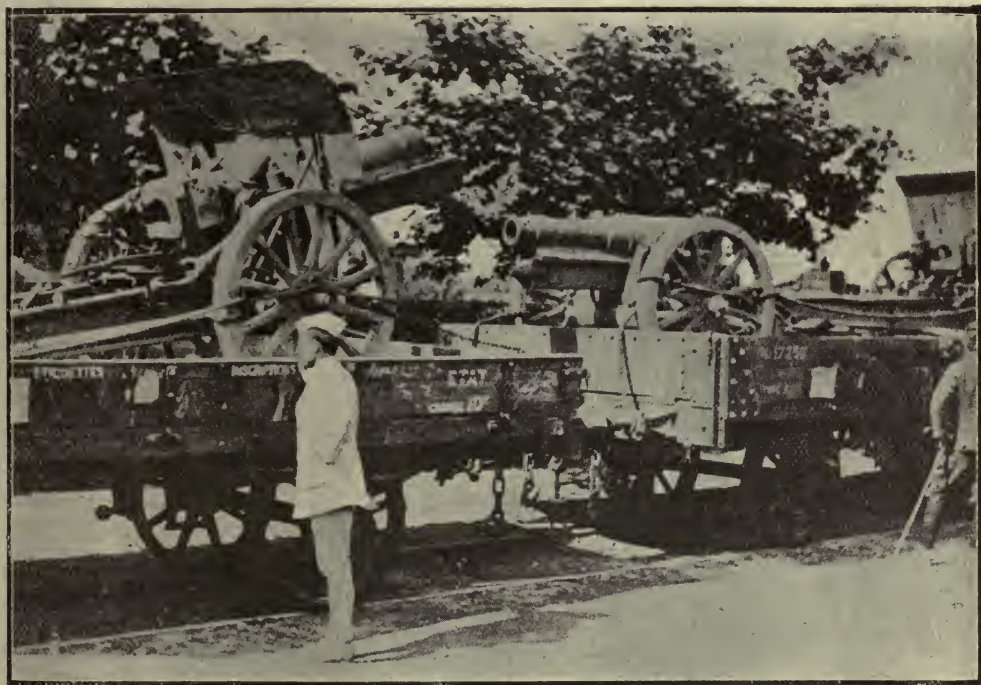
Prince Galitzin, the new Prime Minister, has declared that reforms must wait until the war is over, and he has retained in his Ministry that M. Protopopoff, who is so mercilessly assailed in the Duma on all occasions. Presumably in order to avoid trouble, Prince Galitzin adjourned the Duma for six weeks, so that, for the time being, political peace reigns. There was very general resentment shown against this postponement of the opening of Parliament, and the Tsar was induced to issue a Rescript. This Rescript declared the winning of the war to be the first essential, and went on to urge the reorganisation of the railways and waterways in the national interests, showing plainly enough that the control of these vital public highways had not been at



A captured German trench on the Somme, showing alarm bell used to warn the soldiers that a gas attack was beginning.



Lord French chatting to H.R.H. the Duke of Connaught outside Westminster Cathedral, where a requiem mass was held for fallen Irish Guards.



THE FAMOUS GERMAN 77s.

The Germans speak of their 77s much as the French do of their 75s, and regard them as the finest quick-firing guns in the field. Photograph shows some of these enemy weapons captured at Douaumont in the Verdun theatre. The French colonial troops who won them have covered the shields with all manner of inscriptions.

all what it ought to have been. It is now well known that, owing to the wholesale commandeering of fuel for the army, millions of Russians suffered horribly from cold, and that whilst in one district food was at famine prices, in another there was a glut of provisions.

Bitter Criticism in Duma.

Before the Duma was adjourned, M. Purishkevitch, in an eloquent speech crammed with facts and accusations, attacked M. Protopopoff, the food speculators, the Press censorship and Germanic influence. He contended that the newspaper with which M. Protopopoff was still connected was supported by the banks in which German capital predominated; and that this paper openly insinuated that in paralysing German domination Russia would substitute for it British and French. He asked why German prisoners were sent to places like Archangel and Turkestan, where they were acting as instructors? Why were Germans everywhere employed in munitions factories? He charged the Department of Communications, under General Trepoff, with placing cars at the disposal of a certain general for the conveyance of mineral water, which he manufactured, at a time when every car was needed for the transport of provisions. He asserted that everywhere there was evidence of some malignant will, some strong hand, pulling the strings on behalf of Germany, despite the efforts of the Imperial Headquarters to defeat the foe. In view of the fact that the course adopted by the Ministers of War and of Marine, M. Shuvaeff and M. Grigorovitch, in the Duma, which resulted in the fall of M. Sturmer, was hailed as a triumph for the principle of popular representation, it is somewhat disappointing to learn that both these Ministers were subsequently removed from office.

The Mass Levy.

When the Germans decided upon a levy of all their people many took it as a sign that the enemy were at the end of their resources, and that this industrial mobilisation was a sort of final despairing effort. . . . But the demand in England that there shall be a similar levy does not suggest to us that Great Britain is approaching the end of her resources, or is engaged in a final despairing effort! A study of the Bill which embodied the mass levy idea in Germany would speedily dispel the fond illusion of those who regard it as

a sort of council of despair. The title of the Bill is the Patriotic Auxiliary Service Bill, and every line of it tells of the enemy confidence in their armies, in their ability to win the war. Of course the idea of an overwhelming victory is no longer held, but the Germans are convinced that they can hold what they have won, indefinitely. Obviously, so far from being a desperate expedient to postpone the inevitable, the mass levy is regarded by the Germans as demonstrating to all the world that they are prepared to carry on the war for years if necessary. The aim of the levy is to speed up the production of war material, to increase agricultural output, to hasten the building of warships, to eliminate non-essentials, and concentrate exclusively upon those things which are of direct importance in the carrying on of the war.

Give Their Whole Strength.

The Bill sets forth what are the patriotic auxiliary services—all have to do with the conduct of the war. Every man between the ages of 18 and 60 is called on to volunteer for work in these services. If after the lapse of two weeks from receiving notification so to do he has failed to volunteer for work, his duties are allotted to him by a committee which is under the direct control of the War Office. The official explanatory statement which was circulated when the Bill was introduced into the Reichstag—where, by the way, it was adopted by a large majority—explains why the measure is needed, and says amongst other things:—"At home, as well as in the field, every German must give his whole strength at the point where the Fatherland needs it most, and at the point where, according to his physical and intellectual qualities, he can render the Fatherland the best service. . . . Both at home and in the occupied territories it will be possible at many points to substitute men liable for auxiliary service for men liable for military service. As in service with the army, so in this whole proceeding no respect must be paid to social distinctions. For the service of the Fatherland, of whatever kind it may be, there can be only citizens, not ranks and classes." The mass levy is a gigantic undertaking of which too little notice has been taken in Allied countries. It makes the enemy stronger, more united, gives them greater supplies of war munitions than ever, swells their armies, and brings the whole nation under the direct control of the military authorities.

The Price of Coal.

It is amazing to read of the proposed withdrawal of certain classes of coal miners from the mines in order that they may enter the army. In the early days of the war one of the most serious oversights committed was the recruiting of coal miners and engineers for service in the fighting forces. Coal is the primal war munition; to do anything to reduce the output seems sheer madness. Not only have the mines of Great Britain to supply the needs of the Navy, of the munitions factories, and of all manner of industries, but they have to provide France and Italy with all the coal they want. The French and Italian fleets and the factories concerned in the production of war material come first, of course; but the people must have coal for domestic purposes. The fierce cold now being experienced in Europe compels those who otherwise might have struggled along without fires to secure coal, and we can imagine how terrible must be the sufferings of the poor when coal has gone to 10s. a cwt.—£10 a ton! Not only do the British mines supply the United Kingdom, France, Italy and Greece, but the authorities by declaring German coal absolute contraband, and seizing the bunker coal which had been obtained from the Germans on all Scandinavian ships, have compelled Norwegian, Swedish, Danish and Dutch shipowners to purchase British coal at three or four times the price, thus further increasing the demand. Never before has King Coal been so powerful, never again, it is safe to say, will he enjoy such undisputed sway. Already in Norway and Sweden electricity has been called on to replace coal for domestic heating and cooking, and the use of oil is certain to become more and more general on steamships and in factories. Meanwhile one can imagine the feelings of Frenchmen and Italians who are obliged to pay fabulous prices for British coal.

Great Battle in Wallachia.

Writing on November 24th, 1916, I stated that there was a tremendous battle raging in Western Wallachia, which might well decide the fate of Roumania, and could not but have great influence on the course of the war. Several people have taken the trouble to point out that no such battle was reported, and that therefore my statement was wrong. Whilst everything pointed to a furious fight taking place at the time, it was quite true that cables did not mention it, so it is only now, when full details of the

operations in Wallachia have reached Australia, that we find that the crucial battle which broke the Roumanian resistance and gave the enemy Craiova and Bucharest, was fought just west of the former place on November 20th. This is another proof that deductions are not necessarily wrong, merely because confirmation is not found in the cables. Certain English papers contain every day the official German reports from Berlin, which, as a rule, are not sent out here. During the overrunning of Roumania these communiques were particularly interesting, for they make claims which subsequent events have proved true. Amongst other things they tell of the capture of Roumanian troops from time to time. If these be added together they give a total which would seem to justify the enemy assertion that, after the great battle and during the first two weeks of December, they took over 90,000 Roumanian soldiers prisoner. . . . It is interesting to find *The Times* military correspondent, stating that "neither the defeat of the Roumanian armies, nor the seizure of Roumanian supplies will influence materially the result of the war." This forsooth when we were all along assured that the incoming of Roumania made certain complete Allied victory! A less optimistic but saner view would be to admit the probability that Roumanian supplies have eased the food situation in Germany, and that. . . Better tell the truth and face the facts than gloss over unpleasant happenings. . . . We have had quite enough of self-deceit, it is time we realised the true position and quit burying our poor heads in the sands of make-believe.

The Recruiting Campaign.

This brings me to the question of the recruiting campaign now being so energetically carried on in our midst. Recruits we want, badly want, but what sort of an appeal is most likely to succeed at the present time? Efforts are still being made to . . . to fan a war-like spirit by stirring accounts of what our boys have done, are doing. But the men who are prepared to go crusading to right the wrongs of Belgium, to avenge the Serbs, the men to whom the glamour of the battlefield appeals, have they not long ago enlisted? Those who remain are little touched by tales of atrocity or glory. They need to be convinced of the real danger in which the Empire stands, they have to realise that we are in very truth at war. To do

that we ought to create a war atmosphere—and in the Commonwealth the atmosphere is all of peace. We need money to carry on the war, but what sacrifices are being made personally, for instance, by those who are at present urging others to go to the front? Are our members of Parliament giving up any of their salary to help swell the war loan? Public works are continuing just as if there were no life-and-death struggle going on at the other side of the world. Our theatres are crowded, our shops are doing a roaring trade, our farmers are getting record prices for their produce, there is prosperity throughout the length and breadth of the land. War there may be, but not a war that affects Australia, or is at all realised by her people.

Hidden in Sands of Make-believe.

The best recruiting sergeant we could have would be a Zeppelin over Sydney or Melbourne, an enemy warship raiding in our waters. And the papers, instead of telling us of the tremendous nature of the job we are up against, instead of admitting the danger, feed us up with tales of starving Germans, assure us that the collapse of Roumania really makes no difference at all, harp upon the string that the submarine menace is not really dangerous, merely annoying, belittle enemy exploits, disguise grave political happenings in Europe, and fill in the space left with stupid attacks upon the American President, who is derided for his efforts to bring the ghastly and costly struggle to a speedy end. Those who have consistently belittled the enemy and have wildly exaggerated the achievements of the Allies have a heavy responsibility at their doors.

If Australia Assumed Her Share.

We hear a great deal about the last man and the last shilling, especially about the former. The people at the referendum finally decided that, if the last man did not want to go, he was not to be compelled to fight for the Empire. In Great Britain every man who is medically fit is forced to fight, but thus far the pennies have been obtained without compulsion. Now, if Australia had made financial sacrifices equal to those of the United Kingdom, she would have spent no less than £350,000,000 on the prosecution of the war. She has not spent a third of that sum! There is a strong section, even now, who demand that we shall contribute for the defence of the Empire every man who is fit to bear a

rifle, but I have noticed no suggestion that Australia might shoulder a far greater share of the financial burden the war has thrown upon the motherland. It is as necessary to find the money as to find the men. We have decided, as a nation, not to go to the extreme of forcing men to fight; what about helping in other fashion, and assuming, as our own, certain liabilities which the Home country has contracted in the prosecution of the war, which is being waged as much on our behalf as on that of any other portion of the Empire? Supposing we took our financial share and helped foot the bill on a *per capita* basis, it would mean that we would have to make ourselves responsible for one-ninth of the total cost of the war, less our own expenditure thereon. In figures this would mean that instead of paying interest only on the £120,000,000 the war has thus far cost us, we would have to pay interest on a total of £350,000,000. Find, that is, not merely £6,000,000 per annum, but £18,000,000 in future. We would have to do that if we assumed an equal liability with the people of the United Kingdom. At present we are spending each day on the war about £190,000, and Great Britain is spending £5,000,000, not including the loans she makes to Allies and Dominions. On a *per capita* basis, if we were making financial sacrifice equal to that of the people of the home land, we ought to be responsible for no less than £550,000 per day, or £200,000,000 in twelve months! When there is talk about the last man and the last shilling, just think for a moment what a very long way we have to go before we even begin to approach a *per capita* expenditure equal to that now being borne by the United Kingdom.

The Freedom of the Seas.

What do the Americans mean by the phrase, "The Freedom of the Seas," we now hear so constantly? Are not the seas free, most Englishmen say, as long as the British navy is twice as strong as that of any other nation?

The British Attitude.

The British representatives at the last Hague Peace Conference, which devoted itself chiefly to the question of laws to govern sea warfare, were perfectly seized with the knowledge that blockade and capture would probably hurt England more than any other country, should a great war ever occur. It was this knowledge which caused them to be regarded as inconsistent by their fellow delegates. They

first declared themselves in favour of the abolition of capture and the limitation of the articles which could be declared contraband. This attitude they took up because British ships were doing the carrying trade of the world, and any interference with them would be a serious matter. Failing to carry their point our delegates then swung to the opposite extreme and advocated right of capture and the extension of the list of contraband articles. They took up this attitude because Britain had the most powerful fleet in the world, and if capture was not to be abolished then obviously we should take full advantage of our preponderant navy, use it not only to defend our mercantile marine, but to chase enemy steamers off the seas. So inclined were British statesmen to make neutrals entirely immune from the operations of future wars that it would not have been surprising had they taken the lead in establishing the freedom of the seas in war time as well as in peace. The sudden coming of Armageddon put a stop to the movement, however. The idea of the Americans and other non-combatants appears to be to come to some general arrangement with all the Powers to abolish the right of capture altogether, to do away with commercial blockade, to prohibit the use of mines outside territorial waters without notice to neutrals, and the like, to get all the powers to agree to something like Napoleon's policy, set forth in the preamble to the Berlin Decree, that war should not be extended to any private property whatever, or to persons who are not military, and that blockade should be restricted to fortified places actually invested by competent forces.

The Ausgleich between Austria and Hungary.

The renewal of the *Ausgleich* between Austria and Hungary, as reported in today's cables, is a matter of very great importance. The *Ausgleich* is the agreement which regulated the relations between the two kingdoms, which together form the Dual Empire of Austria-Hungary. In 1907, when the agreement, after considerable trouble, was fixed up, the Austrians endeavoured to have it run for more than ten years, but the Hungarians refused absolutely to approve the suggestion. The *Ausgleich*, therefore, terminates this year. Its renewal, and for a period of 20 years, even if on slightly different terms, is immensely significant. Our optimists are ever fond of assuring us that there is grave friction between Austria and Hungary; that

both resent Prussian domination, and it has been confidently asserted that the *Ausgleich* would never be renewed. The answer of those who so resolutely predicted the break up of the Polyglot Empire is contained in the cable telling of the agreement which has been arrived at between the statesmen of the two kingdoms, which perpetuates the *Ausgleich* for another twenty years! The new agreement is said to be more favourable to Hungary than the old, but apparently the main features, the things which at this particular juncture are of the first importance, remain as before. These things are the control of the army, the direction of foreign affairs, and the financial relations. Austria and Hungary are completely independent States, each having its own Parliament and its own Government. The Emperor of Austria is, however, King of Hungary, and there is a common administration for foreign affairs, the army and finance in so far as it concerns joint expenditure. The head of the Foreign Office can conclude international treaties, without consulting either Parliament or States, but they must approve all commercial agreements or any treaty involving a change of territory. Thus we may assume that the renewal of the *Ausgleich* signifies that Hungary approves of the closer relations which Austria has been establishing with Germany, and that it brings nearer the creation of that great Middle European Empire about which so much has been said and written. The Minister of War has complete control of all military affairs except those of the Hungarian *Honveds*, and the Austrian *Landwehr*, but as the supreme command of the army is vested in the Emperor, it follows that the entire armed forces of the Dual Monarchy form a united whole which cannot be split into Austrian and Hungarian fragments. This pooling of the two kingdoms' forces is to continue for another twenty years. For Imperial expenditure Austria and Hungary paid definite contributions into a common fund. Up to 1897 the former contributed 70 per cent. and the latter 30 per cent. From 1897 to 1907 the proportions were 66 $\frac{46}{49}$ per cent. and 33 $\frac{4}{49}$ per cent. respectively. In 1907 the Hungarian contribution was raised to 36.4 per cent., and the Austrian reduced to 63.6 per cent. In the present twenty-year agreement the Hungarian percentage has apparently been fixed at 34, and the Austrian at 66. That means that Hungary will have to pay some £300,000 less annually

into the common Treasury. Perhaps the most significant thing about the renewal of the *Ausgleich* is that such renewal could hardly have been brought about unless Hungarian, Austrian and German statesmen were in agreement concerning the conduct of the war and arrangements to be made thereafter.

Empire War Council.

Mr. Lloyd George has allowed himself to be interviewed in order that the Empire might know what was intended by the War Council to which representatives of the self-governing Dominions had been summoned. The Council will, in effect, be an Imperial Cabinet. Apparently, it will be called upon to advise concerning British policy and strategy on land and sea. It is to be no mere formal affair, designed to give the Dominions some sort of a show in the conduct of Imperial matters, but is intended in very truth to give the different States under the British flag an active share in the governance of the Empire. General Botha is unable to be present, but South Africa is sending an even more able representative in General Smuts, Sir Robert Borden will speak for Canada. New Zealand has at present a sort of twin representation in England, but presumably the Prime Minister, Mr. Massey, will attend alone. Notable men are journeying from India, and Newfoundland is sending her

Premier. Up to the present Australia—or rather Mr. Hughes—has not decided who is to represent the Commonwealth on this highly important Council. Mr. Hughes' efforts to induce the Liberals to help him out of the difficulty have apparently failed. His new party is not arousing any great enthusiasm, and the suggestion that all three Parliamentary groups should form a National Government can never have been seriously put forward in view of the known attitude of the Labour Party to all political alliances. A general election would clear things up a bit, but long before that takes place someone will have to be appointed to speak for Australia in London. Without Mr. Hughes his small party has no hope whatever of being able to carry on, therefore the Prime Minister cannot go to England unless he first comes to a definite arrangement with the Liberals. Amongst his own followers the choice is practically limited to Senator Pearce; none of the others could pretend to the necessary knowledge or ability to uphold Australia in Imperial Councils. Yet Senator Pearce no more than Mr. Hughes himself can be said to represent the electors of the Commonwealth at the present moment. It may end in our sending two delegates, a Liberal and a Labour man, or having Mr. Fisher attend the Council, the long delay having made it impossible for anyone else to get from Australia in time.

THE PROFITEERS.

It has been so constantly asserted that the neutrals are waxing fat off the war that whenever they raise their voices in protest against the continuance of the struggle, or speak in defence of their rights, we at once say: "What are they worrying about? They have no reason to complain; are they not all getting rich?" There is no doubt at all that some neutrals are getting rich, are making huge fortunes out of the ghastly conflict, but the great majority of non-belligerent folk are experiencing nothing but discomfort, are in many cases suffering severely from the war. It is safe, however, to say that far the largest fortunes are being won in belligerent, not in neutral countries.

We gird against the Americans for driving hard bargains and taking advantage of Britain's necessities, but, instead of calling attention to the mote in the neutral eye had we not better first remove the beam in our own? What about our Wheat Board, which induced the British Government to pay 4s. 9d. per bushel for wheat, when 4s. would have paid our farmers handsomely? Good business, from the Australian point of view, no doubt, but we would have called it something else had it been American wheat which was being sold. We are selling cheeses to the Home Government at prices far in excess of what is usually asked. So it goes on, every item of our produce is bringing in greatly en-

hanced returns, although the cost of production has hardly increased at all.

Apart altogether from the patriotic standpoint it is well to reflect on our own doings before accusing the neutrals in such wholesale manner of turning the misfortunes of the fighting nations to their own sordid profit. It would be difficult, for instance, to find many American companies which could show a profit approaching that of some of the British rubber companies, armament firms, coal concerns, or shipping lines.

The following list pays eloquent tribute to the fact that to many people the war has proved a source of tremendous profit. It has to be remembered that all sorts of methods have been resorted to to minimise the apparent gains and keep dividends down. Sinking funds have been largely increased, heavy payments have been made into suspense accounts. Extensive additions have been made to premises and much new machinery has been installed and paid for out of profits. The most usual method though is to redeem great blocks of debentures. In the majority of cases, too, the profits announced are arrived at after the amount of the excess profits tax—50 to 60 per cent.—has been deducted, as well as the ordinary income tax, usually more than 5s. in the £. In addition, of course, interest on debentures is paid before the nett profit is arrived at.

Some of the most interesting particulars are not available, as many companies have postponed the presentation of balance sheets whilst paying big dividends. The big armament firms do not make public their profits, and it is difficult to discover the gains made by some of the largest shipping concerns, owing to delay in publication of balance sheets, and the way in which profits are used to redeem debentures, swell reserve funds, increase depreciation accounts, and the like. We can get a pretty good idea though of how things have gone with them by noting the prices at which shares are being sold now and comparing them with those obtained before the war.

The particulars of the profits made during 1916 are not yet available, but in the following list the yearly profit when last declared is given together with the date up to which it was made. The profits in the pre-war year are given for comparison:—

ARMAMENT ENGINEERS.

	Dividend.
	Per cent.
Beardmore and Co.—	
Dec., 1915—Profit, £232,199	6
„ 1914 „ £164,236	5

Dividend.
Per cent.

Brown, John—	
March, 1916—Profit, £485,120	12½
„ 1914 „ £277,498	10
Cammell, Laird and Co.—	
Dec., 1915—Profit, £303,841	10
„ 1913 „ £174,126	2½
Hawthorn, Leslie and Co.—	
June, 1916—Profit, £170,352	12
„ 1914 „ £80,027	10
Kynoch, Arklow—	
April, 1916—Profit, £40,487	10
„ 1914 „ £6,994	nil

COAL, IRON AND STEEL.

Baldwins (Sheet Metal Mfrs. and Coal)—	
June, 1916—Profit, £232,081	12½
„ 1914 „ £114,584	10
Bengal Iron, Steel Co.—	
Sept., 1915—Profit, £112,943	24
„ 1913 „ £46,580	12
Briggs, Henry, and Son (Colliery Owners)—	
June, 1916—Profit, £178,289	25
„ 1914 „ £87,886	20
Coltness Iron Co.—	
July, 1916—Profit, £117,549	15
„ 1914 „ £53,971	8
Consett Iron—	
June, 1916—Profit, £625,938	50
„ 1914 „ £408,014	30
Cory, W., and Son (Coal)—	
March, 1916—Profit, £402,817	15
„ 1914 „ £276,906	10
Ebbw Vale Steel, Iron and Coal—	
March, 1916—Profit, £167,699	12½
„ 1914 „ £80,416	10½
Fife Coal Co.—	
Dec., 1915—Profit, £269,058	25
„ 1914 „ £95,422	10
Hadfield's (Steel Foundry)—	
Dec., 1915—Profit, £265,403	25
„ 1913 „ £109,512	20
Lambert Bros. (Coal)—	
June, 1916—Profit, £166,496	25
„ 1914 „ £76,807	10
Lanarkshire Steel Co.—	
Dec., 1915—Profit, £44,405	10
„ 1913 „ £1,483	nil
Lochelly Iron and Steel Co.—	
May, 1916—Profit, £122,079	37½
„ 1914 „ £66,291	15
Lothian Coal Co.—	
May, 1916—Profit, £63,764	15
„ 1914 „ £26,373	5
Lysaght (Ironworkers)—	
Dec., 1915—Profit, £401,264	25
„ 1913 „ £316,866	25
Morgan Crucible—	
Dec., 1915—Profit, £244,162	20
„ 1913 „ £163,559	6
Nova Scotia Steel and Coal—	
Dec., 1915—Profit, £313,000	nil
„ 1913 „ £137,700	6
Park Gate Iron and Steel—	
March, 1916—Profit, £107,343	17½
„ 1914 „ £84,032	15
Pease and Partners (Colliery Owners)—	
April, 1916—Profit, £356,467	15
„ 1914 „ £316,143	12

	Dividend. Per cent.		Dividend. Per cent.
Scottish Iron and Steel—		Cunard Steamships—	
Dec., 1915—Profit, £62,765	nil	Dec., 1915—Profit, £532,011	20
„ 1913 „ „ £0,000	nil	„ 1913 „ „ £321,900	10
Scott (Walter), Iron Masters—		Empire Transport—	
June, 1916—Profit, £82,954	15	June, 1916—Profit, £188,503	25
„ 1914 „ „ £44,194	5	„ 1914 „ „ £23,715	10
Shelton Iron, Steel and Coal—		Furness, Withy and Co.—	
Dec., 1915—Profit, £69,554	6	April, 1916—Profit, £1,016,960	20
„ 1914 „ „ £23,466	5	„ 1914 „ „ £270,928	10
South Durham Steel and Iron Co.—		Indo-China Steam Navigation—	
Sept., 1915—Profit, £155,326	10	Dec., 1915—Profit, £121,688	10
„ 1914 „ „ £54,624	10	„ 1914 „ „ £16,020	3
Staveley Coal and Iron—		King Line—	
June, 1916—Profit, £330,671	20	Dec., 1915—Profit, £94,007	15
„ 1914 „ „ £272,103	12½	„ 1913 „ „ £45,565	8
Steel Co. of Canada—		Lampport and Holt—	
Dec., 1915—Profit, £442,000	nil	Dec., 1915—Profit, £332,897	10
„ 1913 „ „ £193,000	nil	„ 1913 „ „ £200,691	8
Tredegar Iron—		Levland (Frederick) and Co.—	
March, 1916—Profit, £166,466	15	Dec., 1915—Profit, £1,106,683	24½
„ 1914 „ „ £137,873	12½	„ 1913 „ „ £287,582	nil
Bovril— MEAT COMPANIES.		Manchester Liners—	
Dec., 1915—Profit, £146,296	7	June, 1916—Profit, £173,507	25
„ 1913 „ „ £97,313	6	„ 1914 „ „ £46,858	6
British and Argentine Meat—		Royal Mail Steam Packet—	
Jan., 1916—Profit, £483,051	12½	Dec., 1915—Profit, £470,799	6
„ 1915 „ „ £42,684	nil	„ 1913 „ „ £250,741	6
Liebig's Extract of Meat—		West Hartlepool Steam Navigation—	
March, 1916—Profit, £310,530	25	March, 1916—Profit, £146,327	5
„ 1914 „ „ £216,042	22½	„ 1914 „ „ £2,525	nil
Nelson Bros.—		White Star Line—	
Sept., 1915—Profit, £72,104	10	Dec., 1915—Profit, £1,282,669	65
„ 1913 „ „ £49,725	8	„ 1913 „ „ £517,654	65
Smithfield and Argentine Meat Co.—		SOME MISCELLANEOUS ENTERPRISES.	
Dec., 1915—Profit, £142,055	15	Bradford Dyers' Association—	
„ 1913—Loss, £39,896	nil	Dec., 1915—Profit, £409,254	10
RUBBER CONCERNS.		„ 1913 „ „ £279,611	7
Keptigalla Rubber Estates—		British Cotton and Wool Dyers' Assoc.—	
March, 1916—Profit, £35,432	10	March, 1916—Profit, £93,528	10
„ 1914—Loss, £6,854	nil	„ 1914 „ „ £9,290	5
Lanadron Rubber Estates—		British Oil and Cake Mills—	
Dec., 1915—Profit, £103,257	25	Dec., 1915—Profit, £243,111	15
„ 1913 „ „ £36,403	10	„ 1913 „ „ £116,541	5
Leyland and Birmingham Rubber—		British Thomson-Houston—	
June, 1916—Profit, £50,247	15	Dec., 1915—Profit, £90,278	nil
„ 1914 „ „ £34,881	7½	„ 1913 „ „ £4,354	nil
Malacca Rubber Plantations—		Brunner Mond (Alkali Manufacturers)—	
Dec., 1915—Profit, £188,090	40	March, 1916—Profit, £1,011,590	27½
„ 1913 „ „ £79,966	25	„ 1914 „ „ £769,343	27½
Sumatra Para Rubber Plantation—		Dorman, Long and Co.—	
June, 1916—Profit, £56,004	41½	Sept., 1915—Profit, £313,655	13
„ 1914 „ „ £32,390	25	„ 1913 „ „ £170,673	8½
SHIPPING COMPANIES.		Forestral Land, Timber and Rlwy. Co.—	
African Steamship Co.—		Dec., 1915—Profit, £734,547	18
Dec., 1915—Profit, £110,837	10	„ 1913 „ „ £340,175	15
„ 1913 „ „ £79,509	8	Hulett and Sons (Sugar Planter, Natal)—	
Booth Steamship Co.—		June, 1916—Profit, £105,488	12½
March, 1916—Profit, £179,060	10	„ 1914 „ „ £39,244	5
„ 1914 „ „ £29,858	nil	Lawes Chemical Manure Co.—	
British Steamship Investment Trust—		June, 1916—Profit, £13,519	2½
June, 1916—Profit, £207,826	55	„ 1914 „ „ £132	nil
„ 1914 „ „ £68,737	14	Marconi's Wireless Telegraph—	
Cairn Line of Steamships—		Dec., 1915—Profit, £377,818	10
Dec., 1915—Profit, £124,308	20	„ 1913 „ „ £122,323	20
„ 1913 „ „ £36,524	10	Steiner and Co.—	
		July, 1916—Profit, £119,874	7
		„ 1914 „ „ £13,416	nil



Dogs have played a considerable part in the war. The above photograph shows dog teams at work on the Roumanian front. They are taking provisions to the men in the trenches.

RUSSIA AND PEACE.

According to M. Hanotaux, at one time Foreign Minister of France, Germany has offered Russia Constantinople as a bribe to induce her to conclude a separate peace. We may at once dismiss the idea of such a bribe, for the great war, which has for so long paralysed the world and drenched Europe in blood, has now disclosed itself to be primarily a fight for the domination of the Balkans, the possession of Asia Minor. Germany, we may be quite sure, would never hand over to Russia the bridge to the undeveloped countries where she hopes, and intends, to find her "place in the sun." But although Constantinople has not been offered, there is little doubt that tempting concessions have been pressed on the Russian Government by Germany, the price—a separate peace.

IF RUSSIA RETIRED.

Before endeavouring to deduce what these concessions are likely to have been it is well first of all to emphasise that they were not accepted, and, secondly, to consider what it would mean to the Allied cause if the Russians did break off hostilities. By the importance of such action we can measure the greatness of the bribes Germany would be induced to offer.

How would a withdrawal of the Russians affect the prospects of the Allies? Obviously, it would at once release all the enemy armies operating on the Russian frontier and in Roumania, for the Roumanians could not possibly go on fighting if Russia made peace. Further, it would definitely remove all hope of the starvation policy ultimately bringing the Germans to their knees. Would Italy be able to withstand the shock, supposing the millions of veterans who have been opposing Russia were launched from the Trentino on to the Venetian plain? The Germans have shown themselves prodigal of men in the western assaults, even when they have had hundreds of miles of front to guard in the east. If they had double the number of men available, double the quantity of big cannon and machine guns, could the French and English resist the terrific onslaught in the west? I need not go any further. I leave my readers to imagine what the disappearance of the necessity to hold the Russians in the eastern theatre would mean to the enemy, what effect it would have on the struggle if one of Germany's most formidable opponents retired from the field. It is patent that it would pay Germany well to offer the greatest concessions

to bring about that retirement. We may at any rate take comfort from the certainty that the bribes having been tendered were refused.

THE PRO-GERMANS (?).

It is exceedingly difficult for us here, or, indeed, for anyone not familiar with Russian internal history and politics, to understand the situation which now exists in the Empire of the Great White Tsar, nor is it possible, whilst the war is going in, for a frank discussion of the matter to take place. There are, however, one or two things which we ought to know, and knowing, can better judge the difficulties which beset our gallant Ally. There is a powerful group in the Tsardom, composed of men who are quite sincerely convinced that Russia's true future lies in Asia, not in the Near East. These men are for the most part regarded as pro-Germans. To this group belong those statesmen who strongly urged the abandonment of Balkan entanglements, and a closer and better understanding with their western neighbours, so that they might be free to develop and expand in their vast Asian territories. Although there is a boundary between Europe and Asia, Russia does not recognise it, for east and west of that arbitrary division the country belongs entirely to the Muscovites. Knowing their sincerity it is hard to class these men as traitors, and we have not to forget that this very sincerity gives them a power the traitor entirely lacks. These pro-Germans, or Asiatics would be a better name, are to be found not only in official but in financial circles, not only amongst the upper classes but in the industrial world, in the middle classes as well as in the bureaucracy.

UNWILLINGLY WESTERNISED.

We are too prone to judge Russia by the standards of western democracy; we fail to grasp the fact that only one in every four subjects of the Tsar can read or write. Looking back over our own centuries of progressive civilisation, we forget that it was not until the days of Peter the Great that the nation was dragged, against its will, into contact with western customs; do not realise that the army, the bureaucracy, the civil and diplomatic service were all artificial creations of the great Tsar, so hated by the people that for decades, even centuries, they could only be kept in existence by the help of westerners, imported for the purpose. These representatives of modern ideas and methods were recruited, for the most part,

from the Baltic Provinces which Peter had conquered. The nobles whom he had there subdued gladly accepted the honourable positions the Tsar offered them, and loyally backed their new overlord in his endeavours to bring his nation into line with those of western Europe.

THE INFLUENCE OF THE BALTIC PROVINCES.

Of course, these German subjects of the Emperor were in time displaced by Russian nobles, but they too, not unnaturally, became converts to the traditional spirit of the service. Great Russian Generals and hosts of the highest officers have always come from the Baltic Provinces, and it was inevitable that they should leave their influence on the army. In the diplomatic service there has always been a sharp division between those friendly to the Germans and those opposed to them. The Court, before the war, was strongly pro-German, and the Government has been composed even since the struggle began of statesmen of reactionary leanings, some of whom at any rate, like M. Maklakoff, who filled several posts during the last two years, openly stated that they were quite at a loss to understand why Russia ever went to war with Germany.

IF THE DREAM IS SHATTERED.

Thus we see that when Germany offers a great bribe there are plenty of true men in Russia, who may consider, quite sincerely, that they would best serve their country by accepting it. There are, on the other hand, fortunately, still stronger forces which are working to counteract the enemy temptations, which are determined to fight on to a finish. The danger is, of course, that, if once absolutely convinced that their dreams of Constantinople and domination of the Balkans cannot be realised, their opposition to those anxious to end the struggle on generous terms, which, however, did not include Stamboul and the Dardanelles, might weaken. A failure to break through in the west within the next few months then might have consequences in Russia out of all proportion to the actual meaning of such a check.

ANTI-GERMANS.

The two big sections in Russia who are violently anti-German are the revolutionaries and the nationalists. Naturally, the revolutionaries, who are anxious to overthrow the autocratic system of government and replace it by a regime similar to that enjoyed in the countries of Western Europe, see in

the Germans their bitterest enemies, the most potent force preventing the attainment of their aims. But, although we have read much about the revolutionaries, and have indeed seen their attempts at winning freedom in years gone by, we cannot regard them as being a very strong party. The utter failure of the abortive revolution in 1905, the embers of which were so thoroughly stamped out by General Trepoff, left them well nigh powerless.

THE NATIONALISTS.

The other section though, the nationalists, have become more and more powerful as the years went on until now they dominate the situation. On the whole they are anti-western rather than anti-German, but for them the Germans symbolise the west, and they hate the Teuton with a whole-hearted hatred, which just now is of immense value to the *Entente*. Russia for the Russians is the cry of the nationalists, a sentiment which appeals to the hearts of the great masses who dwell in the Tsar's domains. The Germans, for centuries, have been trying to graft western ideas and western methods on the Russian stock, and the people have objected to it with a bitter, if silent, resentment, which now finds expression in hatred of the Germans and a determination to fight on until the Teutonic menace is forever removed. So powerful is this party now that even if a bureaucratic Government did try to make peace with Germany, it would do so at grave risk, for the people would in all probability take matters into their own hands, which is the last thing those who at present control the destinies of Russia desire.

WHAT WAS THE BRIBE?

The bribes which Germany offered Russia have not been made known, but it is not very difficult to guess what they probably were. Equally easy is it to assume that M. Sturmer was in charge of the negotiations on the one side and von Jagow on the other, for after the great scene occurred in the Duma both these men resigned office. It is generally understood that the nationalists denounced the peace schemes at that sitting of the Russian Parliament, and in this way effectively scotched them. Another thing that points to the definite rejection of the German proposals at that time is the fact that, up till then, the Central Powers had made no declaration concerning Poland, but immediately after Sturmer fell announced the creation of an independent Polish Kingdom. Further, when General Trepoff was made Premier, almost

the first thing he did was to declare definitely that the Allies had promised Russia Constantinople and the Dardanelles. But to get back to the probable terms.

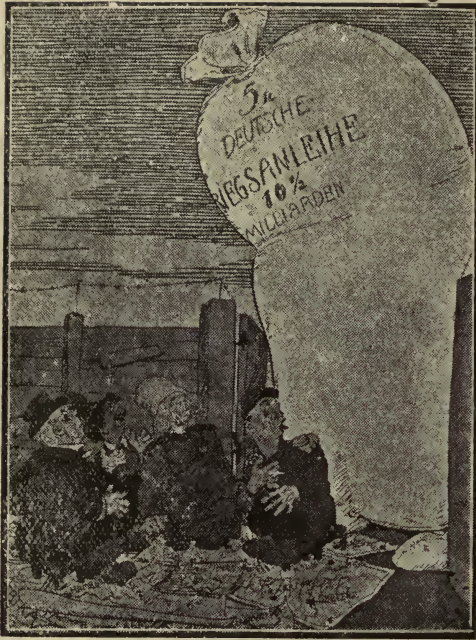
BUKOWINA AND MOLDAVIA.

It looks as if Germany had refrained from offering the Poles independence because she proposed to hand Poland back to the Russians, who, presumably, would guarantee to create an autonomous Grand Duchy of it under the suzerainty of the Tsar. In view of the action of the Russian Government shortly before the war, in carrying out drastic measures in the Baltic Provinces, with the object of Russifying those territories, the Germans would insist on their cession and would create of them a new kingdom, which would become a separate State in the German Empire. Compensation for this would perhaps be given by the cession of Bukowina and that portion of Galicia now in Russian hands. Furious against Roumania for what they regard as a stab in the back the Central Powers would no doubt offer Russia Moldavia, and would themselves absorb Wallachia, Austria in this way being compensated for the loss of Bukowina and parts of Galicia.

AN OUTLET TO THE PERSIAN GULF.

Russia, we may be quite sure, would be asked to renounce all idea of dominating the Balkans, and would be told that Constantinople would remain Turkish, but free passage for merchant vessels and ships of war through the Dardanelles would almost certainly be assured her. The Germans, not improbably, see in the Armenians a source of future trouble, and would perhaps "persuade" the Turks to agree to the cession of Armenia to the Russians in return for concessions elsewhere Then, to make up for the definite abandonment of her aspirations for Constantinople, it is at any rate conceivable that Russia may have been offered a road to the Persian Gulf, through Mesopotamia, or more probably through Persia, who would not be asked her views on the matter.

Some such arrangements may have been suggested. No one knows definitely, of course, but if such an offer has been made its refusal must greatly hearten us, for it proves how strong is the party in Russia which, despite the reactionaries and the bureaucrats, who control the machinery of Government, can make its will felt, can reject mighty bribes, and can insist on the abandonment of all idea of peace.



Jugend.]

[Munich.

A SURPRISE FOR THE ENTENTE!

"Always when we are busy rearranging the map in a capital manner, comes——!"



Kladderadatsch.]

[Berlin.

THE RUSSIAN AND FRENCH GOLD RESERVE.

(In order to cover the United States loan England demands the gold reserves of her Allies.)

"Neighbours, your — satchels!"



Die Muskete.]

[Vienna.

"Up till now we have allowed the Russians to trample on us. We thought it was Kismet. Now we shall see whether it is Kismet for us to trample on them."



Die Muskete.]

THE ENTENTE LAUREL.

[Vienna.

(Asquith: "Time is our greatest Ally.")
 "Damnation! This eternal watering has made it grow so high, that I can no longer reach it!"

HISTORY IN CARICATURE.

Oh, wad some Power the giftie gie us
To see oursels as ithers see us.—Burns.

There are, this month, many cartoons dealing with Poland and Greece. The *Entente* caricaturists naturally deride the enemy attempt to set up an independent Kingdom in Poland. It was equally to be expected that the Germans would applaud the official action of the Kaiser and endeavour to show the contrast between what they are pleased to call the nebulous promises of the Tsar and the real offer made by Germany and Austria.

Italian papers are particularly hostile to Greece, and show the greatest enthusiasm over the coercive measures which have been



De Amsterdammer.]

THE KINGDOM OF POLAND.
Blowing bubbles.



Boudilnik.]

[Petrograd.

HOW THE KAISER GUARANTEES THE
AUTONOMY OF POLAND.



The People.]

[London.

ANXIOUS MOMENTS.

M. VENIZELOS: "If you don't give him his head,
sire, you'll be thrown. I've warned you before."



De Amsterdammer.]

THE PHILOSOPHER'S TUB.

DIOGENES CONSTANTINE: "It's all very fine, of course, but just try to live in it and see!"



Simplicissimus.]

[Munich.]

AFTER THE DOBRUDJA FIGHT.

"Shall I still keep the Crown on Marie?"

"Yes, Ferdinand, but for heaven's sake use a guard; it is shaking visibly!"

Although the German papers only take us up to the early offensive in the Dobrudja, they do not fail to show Roumania more or less *in extremis*.

adopted by the Allies. The artist of *De Amsterdammer* was no doubt in hearty sympathy with Greece when he drew the cartoon reproduced herewith.



Il 420.]

[Milan.]

AN ITALIAN ON GREAT BRITAIN IN GREECE.

"The Entente is smoothing out all the Greek difficulties."



Evening Telegram.]

[New York.]

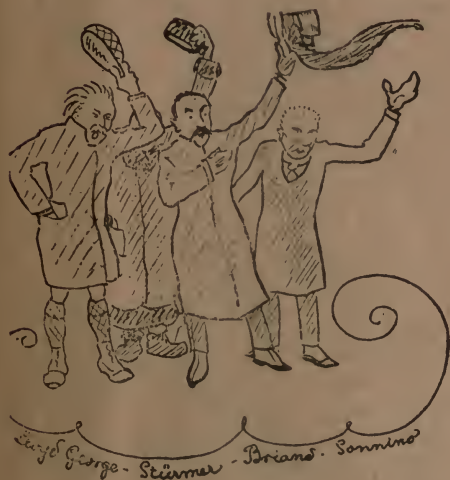
MARS, THE OLIVER TWIST OF EUROPE



Reynolds's Newspaper.]

[London.

DAVID AND GOLIATH.
The Roumanian Hedgehog Gets His Back Up.



Kladderadatsch.]

[Berlin.

ROUMANIA SHOT AT FROM ALL SIDES.

FERDINAND: "Help! This hail is terrible! Protect me."

THE PROTECTORS: "Willingly! But unfortunately we need all our protection ourselves!"



Westminster Gazette.]

THE DEATH'S HEAD MOTH AND THE CANDLE.

[London.

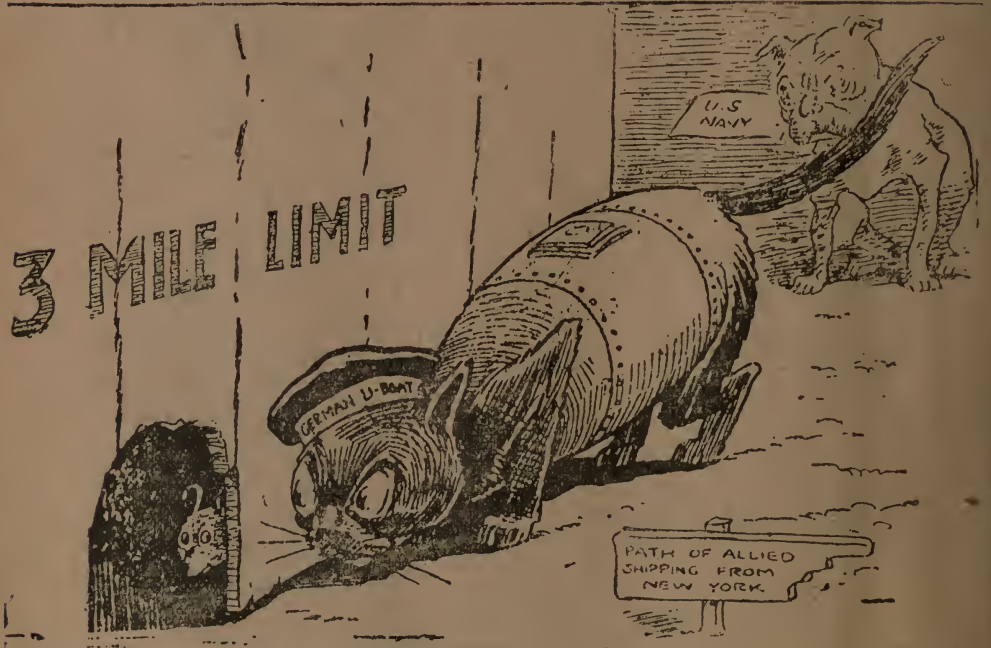
The Attack.

Scorched.

F.C.G. has had a happy inspiration in his moth-and-candle cartoon.

The enemy papers show the Allies amazed at the success of the last German

loan, and put their own interpretation on the pooling of the gold reserves of the Allies.



Dispatch.]

MOVING UP CLOSER TO THE HOLE.

[Columbus, U.S.A.



Hindi Punch.]

[Bombay.

THE TINO PUPPET.

THE HUN MANIPULATOR: "Ah, my dear brother-in-law, how nicely you play in my hands and how dexterously I handle you!"



Campana de Gracia]

[Barcelona.

A SPANISH VIEW OF JOHN BULL.
"Opening of the hunting season."



Passing Show.]

[London.

HIS DAILY PROMENADE!

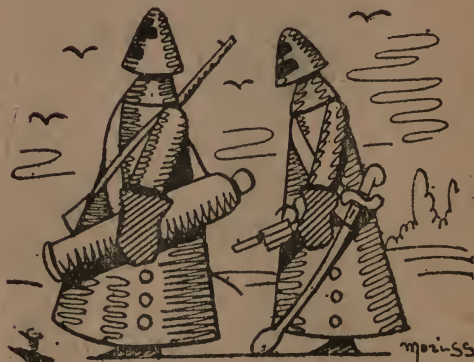


Reynolds's Newspaper.]

[London.

"THE BIG SQUEEZE."

THE REPTILE: "Talking of 'big squeezes,' what do you think of this?"



Le Charivari.]

[Paris.

THE POILUS OF TO-MORROW.

Folks are demanding a buckler for the poilus.



Fliegende Blätter.]

[Berlin.]

THE SHORTAGE OF FOOD IN GERMANY.

HUSBAND: "What are you laughing about?"

WIFE: "Why, it's so funny! This cookery book says, 'Take a pound of butter, a dozen eggs, and a pound of sugar!'"



Wahre Jacob.]

[Stuttgart.]

IN TERRIBLE TROUBLE.

"Why, whatever is the matter with you, Karl?"

"I dreamt that the police had seized our potatoes, and that I only got 2 mark 50 per cwt."



Passing Show.]

OUT OF REACH!

[London.]

The Viennese *Muskete* would have us believe that time is not after all fighting on our side, nor is that paper alone in suggesting the fallacy of this so often made statement. The same paper shows the Turk triumphing over the Russian.

We, for the most part, believe that the German papers are under an even stricter censorship than are those in Allied countries, and that any satire on internal conditions in Germany is immediately punished. For this reason the two cartoons on this page have a particular interest. They find their counterpart in the *Out of Reach* drawing from *The Passing Show*, which shows the profiteer kicking food beyond the reach of the wretched consumer.

WHY GERMANY WANTED COLONIES.

Professor Maurice Millioud, of the University of Lausanne, contributes an exceedingly well-reasoned article upon what he called "Germany's Frenzied 'Frade'" to the *World's Work*. Whilst not altogether agreeing with his conclusions, one finds in this article much illuminating on points concerning which there has recently been considerable discussion. Four months ago an article appeared in STEAD'S about the great iron fields of Briey, in which I explained how immensely important it was to Germany to make certain that her iron supplies from Lorraine were not endangered, and suggested that we might find explanation of the great effort for Verdun therein. According to Prof. Millioud, it was her fear of not being able to get iron that was largely responsible for the present war, although he claims that her tremendous production, her financial methods, and the growing competition she was everywhere encountering contributed greatly to bring about the terrible struggle.

The Germans pictured with consternation the exhaustion of iron ore in the mines of Germany and Luxemburg. They explained that in 1910 the mineral resources of Luxemburg would be exhausted; that by 1950 Germany would produce no more iron ore, whereas the Briey district, opened up soon after 1880, would ensure a brilliant future for the French ironmasters.

If the French were to put permanent difficulties in the way of the exchange of their iron for Germany's coal, what would become of business in the Rhine provinces, in Westphalia and Silesia?

Millions of hands would be thrown on the streets; there would follow a commercial catastrophe without parallel.

That is the fearful nightmare with which this powerful country was beginning to be haunted in the midst of her prosperity and whilst at the very zenith of her power.

Is it necessary to draw conclusions?

Threatened by no one, Germany felt herself menaced on all sides. She claimed to be fighting for very existence, and she spoke truth. Her manufacturers, financiers, and statesmen had dragged her so deeply and by such methods into a war of economic conquest that she could not withdraw. The methods employed were now working against her.

Without having entirely miscarried, victory was clearly beyond her grasp. Must she await the inevitable crash, the stoppage of trade, the downfall of her credit, the misery which must overwhelm her people, and the fury which would perhaps possess them in consequence?

Would not such a state of things make war inevitable sooner or later, and was it not better to make war whilst there was the most likelihood of its ending rapidly and victoriously in her favour?

And then, the war won, would not justice be on the side of the victor, as Maximilian Harden has said?

What followed is common knowledge.

Mr. Francis Gribble, writing in *The Edinburgh Review* on the same subject, gives particulars of the iron ore production of Germany and France, and shows what it would mean for the Germans to hand Alsace-Lorraine back to the Republic. Germany, before the war, produced 29,000,000 tons and France 22,000,000 tons. Germany at once seized the French field of Briey and the output on a pre-war basis would now be—Germany, 46,000,000 tons; France, 4,000,000. If Lorraine were restored to France it would mean that Germany would produce 8,000,000 tons, and France, from her own and the German-developed mines of the province, would be able to produce 43,000,000 tons! France lacks coal, which she has hitherto obtained from Germany, chiefly mined in the Sarre Basin, which produces 16,000,000 tons annually. It lies immediately to the north of Lorraine, being wedged in between the Moselle and the Rhine. It is essential, urges Mr. Gribble, that in addition to getting back Lorraine, France should annex the Sarre Basin, and announces—

The Germans must be given a frontier which will deprive them of the iron mines they formerly took from France, and of the adjacent coalfields necessary to work those mines. Further, as a necessary measure of military precaution, the frontier must be so fixed with regard to the configuration of the ground as to constitute a barrier which will prevent the Germans from seizing either the iron mines or the coal mines by a coup-de-main.

If that is done, a good many of the problems which are now the subject of keen discussion will be simplified. The military problem will be simplified by the fact that Germany will not have enough iron ever again to make a bid for the hegemony of Europe. The commercial problem will be simplified by the fact that Germany will be dependent upon her neighbours for the raw material of those industries in which her competition has been most formidable and her "dumping" most methodical and unscrupulous.

In other words, according to Mr. Gribble, when peace does come, it must be of such a nature as to make Germany entirely de-

pendent upon other countries for the metal which has made her so mighty an industrial nation. When we thoroughly grasp what this would mean to Germany, what would be involved in the retrocession of Lorraine to France, we begin to understand how strenuously the enemy will resist any such proposal. They would never agree to it until beaten flat, or until they were secured supplies of the indispensable iron elsewhere. This brings us to the question as to why Germany wanted colonies. The reason, according to Prof. Millioud, is as follows:—

This fierce desire for colonies came from no excess of population penned within frontiers and struggling for breath. What German prospectors go hunting about the world for are mineral deposits. Germany wants and must have raw materials, also she needs corn, seeing that she has become to such an extent an industrial nation that she no longer grows enough cereals for her own consumption.

Germany's colonial ventures are economic in aim; their object is to obtain for her sources of corn and mineral production, and outlets for her finished manufactures. She is by no means put off by the fact that countries on which she has cast her eyes are already peopled, so long as they meet her requirements; if, in addition, there are mineral deposits, all the better.

The late arrival of the German Empire into the ranks of great nations made it exceedingly difficult to secure any colonies worth having. The unappropriated territories of the world were few, and all those worth while appeared to be under option to rival Powers. Morocco, a great undeveloped country of considerable resources, was coveted, and has now been obtained, by France; Tripoli, a poor place by comparison, was seized by Italy; Great Britain straddled the world, and continents were being developed under her flag. Checked everywhere else—the Monroe Doctrine effectively preventing German aspirations in South America—the Kaiser turned to Asia Minor, but here again Teutonic effort was balked on every hand by Britain, Russia and France.

The Imperial dream, the dream of the German Empire since 1899, had been to be in a position to compensate for any slackening or stoppage of its activities on the European market, and more especially on markets outside Europe, should such occur, by the acquisition of vast outlets in an immense country, once wealthy, rich in natural products, with promise of a glorious future—probably for time without end—by

laying hands on nearer Asia, from Konieh to Bagdad, from Bagdad to Busra and the Persian Gulf. On that side at least they would not run up against a brick wall.

They had only to obtain a preponderating influence over the Balkan nations, and that should be Austria's task; Germany herself would see to getting what she wanted, amounting, indeed, to complete submission from the Sultan of Turkey. She would sit by the bedside of the sick man of Europe, and lie in wait to secure his heritage, then by way of Albania and Salonika she would reach the Aegean Sea and open up Mesopotamia by means of railways which Germany would control and the Turks should pay for. What a grandiose perspective!

In that direction, in 1903, success seemed within her grasp. A German company set to work to lay the Haidar-Pasha to Konieh and Angora railway: a final concession for the Bagdad railway was granted on March 5, 1903, to Herr Gwinner, of the Deutsche Bank, and to the German Anatolian Railway Company. But Germany could not find the money, and it was necessary to suggest to France and England the floating of a syndicate. France would have agreed, but England and Russia put a stop to it.

The German company found itself incapable of starting work. At the same time England strengthened her hold on the Persian Gulf at the place Germany had decided upon as the railway terminus. Next, in 1907, England and Russia agreed between themselves as to the zones of influence which each should have in Persia, and undertook to build a trans-Persian railway running parallel with the Bagdad-Busra line, linking up with Central Europe by way of Batum, and with India by way of Tabriz.

Germany realised that she must hurry things forward at all costs, when suddenly the Balkan League was formed against Turkey. Salonika fell into the hands of Greece; Serbia was seeking a way to the Adriatic and was also blocking the road. Serbia yielded to threats, but the Treaty of Bucharest left her larger than before, firmly resting, as it seemed, on Greece on the one hand and Roumania on the other.

What would happen if she had time to pull herself together and to establish herself firmly?

Peace seems only an impossible dream, yet if the *Entente* Powers could agree to allow Germany to have a free hand in Asia Minor, it might easily be achieved, for to secure that territory of vast resources the Germans would without doubt be willing to make great concessions elsewhere. But our promise to give Russia Constantinople stands in the way, and unless Russia gives up her claims to the Sultan's capital, the war cannot end until Germany is so crushed that she would purchase peace even though it meant her industrial extinction for all time.

NEWS OF THE KAISER'S FLEET.

Mr. J. M. de Beaufort publishes the conclusion of his wonderful "Voyage of Discovery" in *The Quarterly Review*. In this and his previous article he tells of what he saw during his trip into the very heart of the German naval defence area. He visited Wilhelmshaven, steamed through the great Canal, and watched the German Fleet at manoeuvres in the spacious harbour of Kiel. In Australia, where our knowledge of the actual German losses is much befogged, owing to the contradictory reports in the cables, which are seldom contradicted or amended, we are always glad to learn something really definite about the state of the Kaiser's navy. For instance, after the battle of Horn Reef we were definitely assured by the Admiralty that the enemy lost two *Kaiser* dreadnoughts, two battle-cruisers, two large and two small protected cruisers, nine destroyers and one submarine. Unofficial claims at the time gave us at least twenty-two German vessels, amongst them the *Derfflinger*, *Lutzow*, *Hindenburg*, and *Seydlitz*, all battle-cruisers. The Germans admitted the loss of the *Lutzow*, which foundered on the way back to harbour, not during the battle—the *Westfalen*, a vessel built as a reply to our first *Dreadnought*, and but a feeble echo of that now almost out of date ship, and the *Pommern*, a small 13,000 ton battleship. Mr. de Beaufort mentions all the *Kaiser* dreadnoughts by name as taking part in manoeuvres he witnessed, or as going through the Canal under his eyes, and he also says he saw the *Seydlitz* in the great, new fitting-out harbour. This harbour has recently been completed, is well over 3000 feet in length, and over 600 feet wide.

When my friend and I walked round this place I found it the most interesting place of all. This harbour is surrounded by warehouses, in which everything that is needed on a ship is stored up in large quantities. I passed through building after building filled with clothes, foodstuffs, machinery, spare guns, rifles, Davis' torpedoes, costing £500 apiece, compasses, field-glasses, etc. There were also buildings containing spare parts, several of each kind, for every ship of the North Sea division. They were arranged in compartments, each of them labelled with the name of the ship to which it belonged. There was a thoroughness, a system about it which was nothing short of marvellous.

Mr. de Beaufort was much impressed with the feverish activity prevailing at Wilhelms-haven, of which he is able to publish a com-

plete, up-to-date plan. Enormous alterations and improvements have been carried out there since the war; for example, he says that it now contains seven dry-docks and four slips, whereas last year's British reference books mention only four dry-docks and two slips. The ammunition works seem in every case to be near some prominent land-mark, and the writer expresses surprise that the place had not yet been attacked from the air, but adds that he was told that the anti-aircraft defences are so formidable as to make such attacks almost impossible. His general impressions are very interesting:—

My walk round Wilhelmshaven did not make me feel that I was attending the last convulsions of an empire. Work, Will and Efficiency seemed to be in the very air, staring, shouting at you, at every turn. Though the Army is mobilised up to the last "Landsturm" man, and though boys of fourteen and fifteen are already being drilled, Germany has not taken a single workman away from her shipbuilding yards. I have seen and copied the authentic figures, stating the number of men employed at the various Government and private yards. They total over 33,000 at the three Government yards at Wilhelmshaven, Kiel and Danzig, and over 57,000 at the different private yards in Kiel, Hamburg, Danzig and Bremen. That is over 90,000 men; and the yards are running twenty-four hours a day. Grand-Admiral von Koester's favourite advice to his subordinates is: "Remember, the day has twenty-four hours, and if you find that that is not enough, well, then, take part of the night as well."

From Wilhelmshaven the writer proceeded with his boat to Cuxhaven, and a tedious journey it seems to have been. "I don't think," he says, "that an English salmon of any self-respecting weight would succeed in slipping through the sentinels guarding the entrances to the Jade, Weser and Elbe mouths." They were boarded and searched by destroyers innumerable times, and took a whole day to do the forty-two miles between the two places. At last they reached Brunsbüttel, at the entrance to the Canal, and there the writer was fortunate enough to be able to land and see the Fleet at Grand Manoeuvres—in the Canal! Eight large battleships, with an escort of destroyers, came steaming up the Elbe:—

The huge gates of all the four docks were open as soon as the warships appeared before them; and, without the delay of a second, the first four battleships were berthed inside. Everything worked with

clock-like precision. The "Helgoland" and her sister ships fairly bristled with guns. She carried twelve 12-inch guns with a 66 per cent. capacity to each broadside. Surrounding the big ones, and (it seemed) in every available spot, were the lighter calibre guns, the 5.9 and 3.4 inch, of which she carried fourteen each. There seemed to be as many gun-barrels as quills on a porcupine's back.

I do not recall exactly how long it took those eight ships and their consorts—using all four locks—to pass from the Elbe into the Canal, but I am certain it was less than twenty minutes from beginning to end. "Well," inquired my official escort, "Germany's cause is not lost yet, eh? with such 'Prachtkerle' (magnificent fellows) to stand guard over us." But somehow my enthusiasm had subsided. It was a magnificent sight, yet it seemed sad. It was wonderful, yet I could not draw any inspiration from it. Again and again there came leaping back to my mind the solemn, confident answer of those two simple sailors: "Grosse Manöver"; and, try as I would, I could not see in the whole performance anything else but a practical demonstration of England's seapower. These splendid ships deserved a better fate than "Grand Manœuvres" in the Canal!

Mr. de Beaufort mentions that in thoroughness the Germans can give any other nation twelve months' start and still easily overtake it in the next two! He gives some interesting particulars of the colossal dimensions of the Kiel Canal.

The new locks which were completed shortly before the war have been built alongside the two old ones. According to the official figures they are 1075 feet long, 157 feet wide, and 45 feet deep. In other words, they are 80 feet longer, 50 feet wider, and 5 feet deeper than those of the Panama Canal. They are large enough to hold eventually a 60,000-ton ship, which is the dream of Herr Ballin. It follows that the largest battleships can easily pass through. The Canal itself is 98.65 kilometres (about 61 miles)

long. It is 144 feet wide at the bottom, and 332 feet wide on the surface. The cost of building and improvements amounts to over £20,000,000. Apart from its great strategical value, it saves ships going from the North Sea to the Baltic, or vice-versa, a distance of 450 miles (80 as against 530).

Presumably this visit of his was made during the early months of 1916, but he mentions seeing both the *Moltke* and the *von der Tann*, two battle-cruisers which were supposed to have been sunk in the Baltic in 1915. The former he watched enter the Canal, the latter he noticed lying next to the Kaiser's yacht in Kiel harbour. It is interesting to recall, by the way, that at the great naval review off Portsmouth, when King George was crowned, the *von der Tann* was pointed out to throngs of sight-seers as the most powerful ship of all the mighty armament there assembled, yet to-day, six years later, she is "somewhat of a back number." Mr. de Beaufort talked with many Germans concerning the possibility of the fleet sallying forth and giving battle to the British in the North Sea, and thus sums up the result of his researches on this head.

I have been asked many times since my return from Germany, if I thought the German Fleet would come out. My answer can be found in von Koester's speech, where he says: "We must not allow ourselves to be inveigled into an engagement in which we might possibly be beaten." I think, in fact, I am almost convinced, that the German Fleet is never going to risk a battle in which its existence will be at stake. In other words, they are not likely to venture far from their base. That conviction has been gained from many conversations, inquiries, arguments, and observations among well-qualified Germans. The charge made by von Koester against England—viz., that she desires to be present at the peace negotiations with a fleet intact, applies to Germany.

HOW NEUTRALS VIEW THE STRUGGLE.

It is not often that one is able to find the view of neutrals towards the war very articulately expressed save in their own journals. The result is, as has often been pointed out in these pages, that we rely far too much upon isolated opinions which are translated for our benefit and upon the reports of correspondents who, quite naturally, endeavour to convince us that the mass of neutral sentiment is overwhelmingly in our favour. Doing this we get a wrong idea of the attitude adopted by practically all neutral peoples. The view of these

onlookers may briefly be summed up in Mercutio's remark to Romeo when Tybalt had wounded him to the death: "A plague o' both your houses."

Writing in *The Atlantic Monthly*, Mr. L. Simons, the well-known Dutch publicist, gives us a closely reasoned summary of the reasons why the neutrals of Europe consider that a pronounced victory of one side or the other would be disastrous. This article conveys better than anything else I have read a true impression of the real neutral attitude. Mr. Simons is editor of

The Library of the World's Literature, and is thoroughly familiar with the alien cultures of England and Germany, while his knowledge has been extended by residence in both countries. We may not agree with his arguments or his conclusions, we may regard him biased and blind to the high objects and ideals for which the Allies entered the war, but we have to remember that he probably expresses the feeling not only of Holland, but of Denmark, Switzerland, Sweden, Norway, and Spain towards the belligerents.

His article was written in reply to a request by the editor of *The Atlantic Monthly*, who wanted to know the probable results for neutral Europe in the event of a pronounced victory either of the Germans or the British. "We may assume," he says, "that this war, begun as a struggle between the Austrian and the Russian influence in the Balkans, and into which England only entered as a fifth party, has in reality developed into a struggle for supremacy between England and Germany."

Putting the tendencies of the war in this handy nutshell, one finds an equally short answer to the question as formulated above: for neutral Europe the pronounced victory of either party will prove almost equally disastrous. The future safety of all the smaller nations who have done their utmost to keep outside the wars lies in a termination of the struggle that will practically imply neither victorious nor defeated party. That they all feel like this is adequately proved by their aloofness and the strictness of their neutrality. Notwithstanding pressure from inside and outside their borders; notwithstanding the fiercest incriminations against this neutrality as a shame, a weakness, and a cowardice, the majority of these nations and their Governments have adhered to their original attitude. And they have done so, not only because they feel that they have no interest in making either Germany or England paramount, but because, on the contrary, their only safety and future welfare lie in a balance of power between the two contending groups, so long as a federation of all the European nations, on the basis of the Swiss constitution, may remain outside the sphere of practical politics.

Unfortunately it is impossible to quote the most striking of Mr. Simons' remarks or give his entirely dispassionate examination of the motives which, as the war went on, have been shown to be behind the actions of the various belligerents. Partisans of either side, he says, will find the expression of our neutral attitude utterly devoid of any idealism or sense of the greatness of this immense struggle.

Now the bitter truth, as it appears to us neutrals, is that this fierce and bloody contest has in reality no more of idealism behind it than, let us say, the endless War of the Roses. If it had, we might witness the destruction of life and property, the terrible hardships thrown on wretched non-combatants, and bear our own share of the general misfortune that has fallen on Europe with greater equanimity and less rending of hearts. Looking back into the history of the last twenty years, the students of European foreign politics saw how its entanglements had gradually prepared the outbreak they were witnessing. And in these entanglements there was a pursuit of selfish interests and little or nothing of ideals; the work of diplomatists, acting more or less as conscious agents of greedy Imperialism, Conservatism, Capitalism, Jingoism, Militarism, and the like; no sign of momentous struggle for any principle, any real great thought, for which it would be good to fight and to suffer.

Neutrals, he says, were naturally not much influenced by the high-sounding phrases, the high-falutin' writings and speeches which made such appeals to patriots in both camps. They saw what was going on behind the scenes, weighed matters carefully, and, according to Mr. Simons, came to the conclusion that the special interests of each country concerned counted for far more than abstract matters of right and wrong; that German militarism found its counterpart in British navalism; that Tsarism and its absolutism was an even more ancient relic of mediæval times than Kaiserism and its feudal government; that . . . and so on and so forth! Very wrong and even absurd ideas from our point of view, but nevertheless opinions probably held by the majority of neutral peoples. To fail to understand this is to fail to comprehend the attitude of the neutrals towards the war.

Mr. Simons gives new definitions of Kultur and Culture.

At the same time, commercialism and industrialism were doing their work; and their egotism, blinding the eyes of the people to the sounder economic truths that were underlying their own growth, were strewing mines for future destruction. In their wake followed a difference between two phases and methods of life, bound up with historic developments which need not have come into collision but for the fact that both have presented themselves during the last forty years in their very extremist forms. I am thinking of Kultur versus Culture; and I would define the two in this way: Kultur as the methodical nurture of forces to a definite aim; Culture as a result of a long growth of welfare and civilisation. The former, an attempt to shape the future; the latter, a desire to enjoy the fruits of the past.

He describes how the Germans have driven recklessly forward in their pursuit of kultur, and how the English have too carelessly sat back in the enjoyment of a culture which seems to have weakened the desire for the exercise of mental, artistic or moral powers.

We have no difficulty in seeing that England is becoming every day more and more militaristic; we assume that Germany to-day is even more under the domination of the military than she was when the war began. Perhaps the most surprising thing in Mr. Simons' article is the following description he gives of the decline of militarism in the country whose militarism we are out to destroy! Perchance we will destroy it after all, though not quite in the way we had anticipated!

Whereas in England the outbreak of the war has brought upon the Radical Government the necessity of submitting to the influence of the Conservative, Jingoistic, and military forces of the country, in Germany—as in Russia—the inverse evolution is daily becoming more and more apparent. Originally, in the first year of the war, when it appeared as if the Germans were marching on to a sure and easy victory, the spirit of Pan-Germanism swept the country in a wave

of the most insipid self-assertion and conceit. But as the struggle wore on, a gradual change made itself felt. The tremendous sacrifices which the Government was forced to demand from the nation in its entirety—sacrifices of blood and money and of standard of living—made it more and more impossible for it to lean solely on the classes who till then had been the state favourites. The Junker group and the bureaucrats could no longer be hailed as the main supporters of the "Crown and Altar"; the entire nation, the masses almost more than the classes, became the pillars of the Fatherland. The Junkers, as agrarians, saw, moreover, the foundation of their favoured position badly shaken. Before the war the high tariffs on foodstuffs on which their wealth largely depended had always been defended on the ground that the German people should be prepared to make sacrifices in times of peace, in order to be sure of its food supply under stress of war. The fact that this supply has signally failed must strike at the root of the position of the Agrarian party. And the fact that the war, instead of being a boisterous, short and victorious adventure, has proved a long, terrible and most bloody struggle, the end of which is now sighed for by the mass of the German people, has visibly influenced the tendency of the German Government to a reasonableness not in keeping with the fierce desires of the German "whole-hogs," the adorers of blunt Germanic energy and unmitigated brutality.

FOREIGN WRITERS ON THE WAR.

INVADING GERMANY BY SEA.

Rear-Admiral Degouty, writing in *La Revue des Deux Mondes*, on "Landing Operations," maintains that it is possible, given the mastery of the sea, to disembark a large force on the enemy coast, and, further, to reinforce and feed them.

He then proceeds to show the possibility of the Allies landing a force on the Baltic coast of Germany. Such a landing, provided it were in sufficient force, and came towards the end of the war, would be a knock-out blow for the enemy, who would find himself attacked on his own soil.

To achieve this, the writer says, it would first be necessary to win the favour of the neutral countries touching the Baltic. This should not be too difficult, as Germany is gradually cutting her own throat, where they are concerned, by her renewal of her submarine policy. Particularly would it be necessary to win over Denmark.

The preliminaries settled, there would in all probability be a naval battle, in which

the Rear-Admiral has no doubt we should be victorious—the Kiel Canal having previously been bombed by our aviators, which, owing to its sandy banks, would have the effect of closing it for some time. Supposing this done and our mastery of the sea assured, we should then proceed to clear the straits leading to the Baltic of mines and to silence the land batteries—not an easy task, he says, but possible. We should then make a feint of landing, in the meantime bringing up our transports of troops and disembarking them elsewhere on the coast; somewhere preferably where the railway communication is bad, so that troops could only be brought up slowly, and much damage inflicted by our aviators. The writer says it could be done, but it would be necessary to build many transports, and also to lay in vast stocks of food and materials for munitions, so that when many of our merchant ships were taken for troops England should not be left in want. Also he pleads for more, and yet more, swift light ships.

Reads quite nicely, but even the man ignorant of military and naval matters would hardly be convinced that such a landing is possible. How can we, who ostensibly are in the war to uphold the rights of the little nations, how can we, in justice, drag Denmark into the awful struggle? Then the gallant Admiral airily assumes the easy destruction of the Kiel Canal by our aviators, this despite the terrific anti-aircraft guns which guard it, and the strength of the structure itself. Then, the Canal destroyed, the invaders would have to systematically silence the land batteries. Our experience at Gallipoli shows clearly enough that battleships are unable to knock out powerful land defences. But even if all these impossibilities were accomplished we would have an army in Denmark which could only strike at Germany through Schleswig-Holstein, a bottle neck barely thirty miles across, easily defended and well fed by German railways. No, the invasion of Germany through Denmark does not on examination appear to be a very feasible plan, whatever Admiral Degout may say, whilst to land in Prussia from the Baltic is even less possible.

THE TRIPLICE AND ITALIAN TRADE.

Monsieur Ernest Lemonon gives very interesting details, in *La Revue de Paris*, of "The End of the Triplice and Italian Trade."

After the war Italy does not wish to fall again under the tutelage of the Central Powers, and in order to avoid that, she is making preparations to make more use of her own products than she has done heretofore. Up to the outbreak of war Italy's imports were always in excess of her exports, the deficiency she made up by the money brought into the country by tourists or the savings sent home by Italians abroad. In the future they hope to change this, and by equalising exports and imports be free to use the tourist money and the money sent back by Italians abroad for the good of the country.

The commercial domination of Germany over Italy came about under the shelter and by means of the tariff of 1887 and commercial treaties signed in 1891 and 1904, but also by means of the splendid organisations made by Germans in Italy both for the sale and production of their wares. Italy has gradually been flooded with German goods almost to the exclusion of other countries. In this enterprise Germany had the help of Le Banca Commerciale, founded by Berlin

financiers, and run largely by German influence. The following figures give the situation of yesterday and that of to-day. In 1886 France furnished 21 per cent. of Italy's imports, and Germany 8 per cent. In 1913 Germany sent nearly 17 per cent. and France a little more than 7.5 per cent. In 1886 42 per cent. of Italy's exports went to France, and 10.50 per cent. to Germany; in 1913 13.7 per cent. to Germany and 9 per cent. to France. Germany heads the list both for exports and imports, beating both America and England.

There are two parties in Italy—those who advocate development of national resources, whilst others wish rather to facilitate importations from countries with whom Italy is already allied, but the two parties can work together; there being always many things which must be imported. No one is against the development of the national resources.

One thing, however, should be clearly understood: Italy intends to be independent; having shaken off the German yoke, she has no intention of admitting another master in her place. But it must not be forgotten that when the war is over Italy will be deeply indebted to Great Britain, and must therefore be strongly inclined to trade with her chiefest creditor.

JUVENILE REFUGEES IN FRANCE.

The wonders that France has performed since the outbreak of war have wakened the admiration of all, and in *Le Correspondant* M. Hély gives us a glimpse of yet another side of her goodness in the article on "La France Maternelle."

In and around Paris there are housed, fed, clothed and taught thousands of little refugees from Belgium, from Alsace, and even from Serbia. Some hundreds from Belgium were given by M. Berryer, Belgian Minister of the Interior, who had taken the initiative in saving them, into the care of an American committee, presided over by Mme. Edith Wharton. The rest of the children from the Yser were distributed around Yvetot by Mme. Carton de Wiart and Mme. Pietre. Several convents have been given over to these poor children, and there they are tended and taught by nuns, most of whom are also refugees from Belgium. In these quiet retreats the little ones are getting chubby and happy, and learning to forget the days of horror of their flight from their own land. There are also colonies of little Alsaciens, who are looked after with just the same care.

These societies created by the war will cease with the war, but there is one society created before the war by Mme. Lucie Felix-Faure Goyau in 1895, The Fraternal League of the Children of France. This league, which was founded as an appeal to the young to help others, has done yeoman service since the outbreak of war. They take the children living in the bombarded towns and districts, such as Armentières, for instance—children who for months have lived an underground existence, and in many cases have been maimed for life by shells. They take these children right away and provide them with homes, where they will be well looked after and educated, and, in the case of boys of thirteen, they are apprenticed, and the girls are taught housework. France, in the midst of her own anguish, does not forget to mother the little ones in whose existence lies the hope of the future.

Writing on much the same subject in *La Revue*, M. Finot speaks of the *Union des Familles Françaises et Alliées*, a society which has done an enormous amount to help the widows of soldiers, and the *Frères et Sœurs de la Guerre*, which is affiliated to it. The plan of the latter is beautiful, and originated with Mme. E. Lemaire-Cremieux, who started the idea of *marrains* to soldiers. In this case it is the child of well-to-do parents who is asked to become *marrain* of a poor orphan, and write to it, send it toys, and generally be interested in it. The idea has been taken up with great enthusiasm, and may in the future be the means of levelling social barriers.

ON THE ITALIAN FRONT.

An article in French, by the American journalist, Whitney Warren, is reprinted from *La Renaissance*. Written after a month's tour on the Italian front, it is well calculated to make France realise what her Allies are accomplishing. The writer describes specially some of the marvellous achievements in the war zone of the Italian engineers, and the very thorough manner in which works of art in all the northern cities have been protected by sandbags where they could not be removed altogether. The editor has collected a number of reports from the Syndics of various cities as to what has been done to counteract the rising prices of food, and one gathers that Italian municipalities are in a position to take very drastic measures with this object.

ITALIAN COMMENTS.

Writing in the *Vita Italiana*, Prof. Amorooso looks forward, as the result of the war, to the gradual federation of now independent States on a racial basis—Latin, Teutonic, Anglo-Saxon, and so forth. Such federation must be based on intellectual as well as on economic interests, as the Germans have realised; hence the foundation in Italy of an "Association for an Intellectual Entente between Allied and Friendly Countries." The practical aims to which it will devote itself are the international exchange of university students and professors with inter-recognition of university diplomas, the literary study of foreign languages and the facilitation of the foreign book trade, hitherto largely in German hands. G. Scarpa controverts the Austrian assertion that Trieste in Italian hands will be ruined commercially, and points out how there is ample space on the Adriatic for two great Italian ports without damage to each other. All the same, it is difficult to see how Trieste is to maintain its premier position in Italian hands. If it ceases to be the main outlet for Austrian trade it automatically ceases to be a great port. Northern Italy will certainly not send its products all the way to Trieste merely from patriotic motives. If they lose the place the Austrians would certainly transfer their export and import trade to Fiume, and Trieste, a port without any hinterland, would languish and decay.

The *Rassegna Nazionale* is very severe on the policy of the Allies in the Balkans, and declares that the diversity of aims among them is all the more deplorable in the face of the unity of conception and execution of which the Germans are giving evidence in their Roumanian campaign. As for the diplomacy of the Entente Powers towards Greece, it is described as simply incomprehensible.

The *Riforma Sociale* publishes a valuable thirty-page article on the cereal productivity of the world and the present high prices of corn. The article is both historic and economic in scope and is based on the conviction that never in the world's history has the production of cereals become so urgent a problem as to-day.

GERMAN INFLUENCE IN SWITZERLAND.

Writing on German influence in Switzerland in *La Semaine Littéraire* M. Paul Seippel points out the gradual tendency of

German Switzerland to sympathy with Germany. Naturally the common language, race, and, to a certain extent, culture, creates ties which it is difficult to break. At the same time it is interesting to note that at the time of the Franco-German War the sympathies of the German Swiss were entirely with the French. Germany's hold on Switzerland has been won so very gradually that many people have failed to grasp it, but there it is, a power which was becoming so strong that, failing the war, in a few years it would have completely dominated the little country.

In politics, German method and organisation had a great influence on the methodical minds of the German Swiss. More dangerous, however, was the economic domination, which, thanks to the activity of the German bankers and merchants, threatened in a few years' time to have economically conquered Switzerland. It is the same with the universities and writers, who have all infinitely more intimate relations with Germany than those of French Switzerland have with France, and, in the case of the Press, certain of the papers have been bought and run by Germans.

Stronger than any of these is the hold Germany has through religion, both Lutheran and Catholic, and also through the military. Against this influence there is the fact that deep down in the Swiss nature there is the love of independence—one proof of which is the jealousy with which they guard their language—a fact which creates a barrier against the tide of Germanism which threatens to engulf them. Also, it is mostly amongst the richer middle and the intellectual classes that German influence has made itself felt. The majority of the people have escaped it; particularly the democratic middle-class shopkeepers, etc., who eye with suspicion Germany's endeavour to flood the country with cheap goods, and thus damage trade.

To sum up the situation: Before the war there was a German influence whose power was not realised. Since the war there has been an awakening and a reaction which from day to day becomes more and more vigorous. And this reaction is a sign that the organisation of Switzerland is quite healthy, and suffices to make one hope that the national independence is protected.

TURKEY'S FUTURE.

The Dutch *De Tijdspiegel* contains an able article on Turkey. It is well worth the

while of the smaller nations, says the writer, to consider the prospects of trade with Turkey in the future, and to prepare for the transaction of that trade. Turkey will have no need to fear small nations, as she may have to be suspicious of the great ones, so she will be the more ready to do business with them. Belgium appreciated the situation years ago and profited by it. What are the possibilities? Holland, with colonies inhabited by people of the same religion as the Turks, should remember that Constantinople is the seat of Islam, and should act accordingly. Is there a future for Turkey? If her old friend, England, and England's Allies speak correctly, the end of the present war will be the end of Turkey, but the present aspect of the matter suggests that they are quite wrong. This war has regenerated Turkey. During 1915 she was cut off from her outside supplies, which were considerable, yet she managed to produce those supplies for herself; that is a fact of immense importance. Her army has proved itself strong and capable, winning notable successes and. . . . Do her enemies realise the tremendous importance of that fact? Germany has kept her engagements with regard to Turkey in the immediate past, and Turkey will remain a nation and a great one; the English writer, Sir E. Pears, said that it would be a mistake to refuse to permit Turkey to remain a nation, and Turkey herself, in spite of her foes, which now include Roumania, will see to it that she remains a political entity. There are really immense possibilities for Turkey and good business for those who prepare to trade in and with that country. What is Holland going to do? Turkey is accused of ill-treating the smaller countries that have been under her rule, yet how is it that, after centuries of domination, those countries have retained their nationalities? The interest of the article for Britishers lies in the fact that there will be scope for trade in that part of the world, whether Turkey remains independent or not. "Trade follows the flag," says the old maxim, but in too many instances we have allowed foreign trade to follow our flag, to our own exclusion.

SPANISH NEUTRALITY.

A writer in *Nuestro Tiempo* discusses Spanish neutrality and the recent crisis in the political world of Spain. The article is interesting as showing the manner in which opinion has changed from one side to

the other. At the commencement of the conflict there was, apparently, a decided leaning towards Germany among the chief politicians; the Central Powers were strong, and seemed to have things much their own way, so that victory for them was regarded as tolerably certain. Spain was not bound by any treaty to side with France and England, so that she was free to ally herself to Germany, but it was decided that neutrality was the best card to play. As a steadying influence in favour of what the writer calls the Multiple Alliance, Portugal was very useful, for any action on the part of Spain for the benefit of the Central Powers might lead to an attack from the neighbour. Then the tide of fortune turned somewhat in favour of the Entente, and Spanish opinion veered to that direction. There is still vacillation, but it is pretty generally agreed that neutrality is the best policy, so that Spain may reap commercial and economic advantages to compensate for losses caused in other ways by the war. Some Spaniards have argued after this style:—Suppose we side with the Central Powers and the Entente should win, what would happen to Morocco and other outside Spanish possessions? And they also have concluded that neutrality is the best policy.

A SWEDE ON WAR CARTOONS.

Svensk Tidskrift contains also an illustrated article by Verner Söderberg on "French War Cartoons." The illustrations show some rather coarse things. The author admits nevertheless, while considering the German war cartoons better in tone than the French, that they were at the time of Kitchener's death exceedingly vulgar and brutal. The war has proved the civilians at home to be more filled with hatred by far than the fighters in the trenches.

THE GAME OF CONTRABAND TRADING.

In the course of a learned article in *The Edinburgh Review*, entitled "Siege by Water," Mr. L. Cope Cornford defines very pithily the whole situation in respect of trade in contraband carried on by a neutral with belligerents. The position, in a sentence, is that the neutral trader has the right to trade in contraband with any or all bel-

ligerents, and a belligerent has the right to stop him, but no neutral State, as such, may trade with a belligerent. The chief players of the game are: the neutral merchant who trades with the belligerent, the neutral shipowner who carries the neutral merchant's goods, and the other belligerent who prevents the neutral shipowner from delivering the goods to the enemy. The rules are complicated in detail, although simple enough in principle. Broadly stated, they are:—

The neutral trader may trade with any or all belligerents.

He may sell contraband of war.

He may sell non-contraband cargo to any belligerent.

He may sell any cargo whatsoever to another neutral.

He may carry enemy goods as cargo.

He may attempt to break a blockade by slipping through the blockading force.

He may sail anywhere he likes.

He may resist or evade capture.

He is entitled to enter any neutral port.

He may be protected by men-of-war convoy of his own State.

But a belligerent may prevent him from so trading.

But a belligerent may take his cargo, and, in certain cases, his ship also.

And the belligerent, unless he declares a blockade, must let it pass.

But he must satisfy the belligerent that the said cargo is not in fact contraband destined for the enemy.

But the belligerent had, prior to the Declaration of Paris, the right to capture and to confiscate all of them, and subsequent to that Declaration had the right to confiscate all contraband.

But the belligerent may capture ship and cargo, and the ship may be captured, after she has discharged her cargo, on her return voyage.

But a belligerent may order him to stop, may send an officer on board, and may send the ship into port.

But a belligerent may condemn the ship as penalty for so doing.

And the belligerent cannot blockade that port.

But the belligerent has still the right to visit, search, and send the ship into port.



CATECHISM OF THE WAR—XXXIV.

Q.—What is a Lacrimal shell?

A.—It is the name given to the German weapon which on exploding causes a copious flow of tears and irritation in the eyes. There has been considerable discussion concerning the nature of the tear exciting substance employed, but thus far its contents do not appear to have been definitely determined. One of the most powerful of tear excitants, is acrolein, which is obtained when fats of glycerine are burned, but the enemy would certainly not destroy fatty substances in this way. Another acrid gas is formaldehyde, which may be utilised. There is a general opinion, however, that common pepper has been used, the tear exciting constituent being expelled from the pepper by heat. Large quantities of red pepper are grown in Hungary so that there would be no difficulty in obtaining supplies. Protective measures are comparatively easy to adopt against the tear shells.

Q.—Has the shell of the famous 75 been altered since the war began?

A.—The main alteration has been the increased number of fragments into which the projectile breaks. One of these shells now bursts into more than 2,000 pieces, some of them so small as to wound fatally without making a conspicuous abrasion on the skin. The tiniest of particles possesses so great a velocity as to inflict grave injuries at 30 or 40 yards from the spot where the shell bursts.

Q.—Would the use of a base in South America by the German raider be an infringement of the Monroe Doctrine?

A.—It has been freely stated that the existence of such a base would be a violation of this Doctrine, but that assertion, like so many others made concerning the United States, is due to a misconception. We have often given particulars of the Monroe Doctrine, which in its original form only aimed at preventing European Powers from interfering in the territorial arrangements on the continents of America. The scope of the Doctrine has been enlarged from time to time, and it has come to be regarded, in this country at any rate, as meaning that the United States of America has assumedly a protectorate over all the Latin American Republics, and is respon-

sible for their doings. This is, of course, not the case. The United States would only interfere in the event of one of these Republics doing something which brought it into direct conflict with some European country. Only in the danger of such a thing happening could the creation of a base for a German raider in South America distinctly have any connection with the Monroe Doctrine.

Q.—Could you tell me in what language the negotiations were carried on at Portsmouth when the treaty ending the Russo-Japanese war was concluded?

A.—There was some argument concerning the language to be used, but it is generally understood that the proceedings, which were carried on in absolute secrecy, were conducted in French. It is certain, however, that both sides had interpreters able to speak both Japanese and Russian. I know for a fact that Witte, who was the chief Russian delegate, spoke neither English nor German, as on two occasions I acted as interpreter when he granted interviews to people who did not speak French or Russian, but knew English and German.

Q.—In a recent number you stated that if after the war the franc goes to par, those who invested in the last American loan to that country, will get 30 per cent. more money back than they put in. How do you make that out?

A.—The loan was sold to American investors at an exchange rate of 5.90, which means for every dollar put in the investor gets a principal of 5.90 francs. Translating this into money terms, and supposing you were an investor, for every 14.83 dollars you invest you get 100 francs capital; for every 148.30 dollars you get 1000 francs capital; for every 741.52 dollars you receive 5000 francs capital. Should the market price of the issue advance to 100, and exchange return to normal, you would get 19.30 dollars for every 100 francs capital, and 965 dollars for every 5000 francs capital; that is to say, apart altogether from the 6 per cent. interest you would have been getting during the duration of the loan, you, as holder of 5000 francs capital, would get a net profit of 223.50 dollars, or approximately 30 per cent.

Q.—Have you any particulars of the recent American loan to Russia?

A.—It is an exceedingly alluring investment; it is for £20,000,000, and is issued to the public at 94 5/8. The banks, however, got it for 91½, a fact which was announced in the American papers, but is very rarely disclosed when loans are floated. In ordinary times the Russian rouble is worth 51.45 cents in American money. Since the war it has gone down to 32 cents. At this rate of exchange a thousand rouble bond bearing interest at 5½ per cent. would cost only 320 dollars. When the rouble recovers and gets back to normal exchange, this bond would be worth 514.50 dollars, or 194.50 dollars above the present price of the bond, an increase of about 60.8 per cent. on the investment. Reckoning roubles at the normal rate of exchange, the return for this investment would be 8.8 per cent. This particular loan is not covered by collateral, but it is specified that the Russian Government will accept these bonds at their face value, viz., 100, from American firms contracting for development work in Russia.

Q.—Is it true that the United States has been lending largely to South American Republics?

A.—Roughly. it has loaned about £24,000,000 to Latin America, mainly to Argentine and Chili. Within the last couple of months it has lent £480,000 to Bolivia, £1,100,000 to the City of Sao Paulo, in Brazil, and £4,000,000 each to Bordeaux, Lyons and Marseilles. These last three loans are secured on the octroi duties. Last December the total amount of loans to combatant nations was as follows:—

Great Britain	£171,700,000
France	131,250,000
Russia	23,650,000
Italy	5,000,000
Dominion of Canada ...	24,000,000
Canadian Provinces and Municipalities	37,000,000
Germany	4,000,000

Q.—Can you tell me how the duty on tea has been increased in Great Britain since the war began?

A.—In August, 1914, it was raised from 5d. to 8d. per lb.; in December, 1915, it was raised to 1s. per lb. The duty on coffee since August, 1914, has been increased by 1s. a lb., and the duty on cocoa and chicory has been increased to the same figure. Sugar was found at 1s. 10d. per cwt. when the war broke out, it was then

advanced to 9s. 4d., and in 1916 to 14s. To the original tobacco duty of 3s. 8d., 1s. 10d. was added in December, 1915. A duty of 3d. a gallon was placed on motor spirit, and some special import duties were imposed on what were regarded as luxuries; 33½ per cent. on motor cars, musical instruments, clocks and the like. A duty of 3s. 6d. per 10,000 was levied on imported matches, and an excise duty of 3s. 4d. on locally made matches, with a further addition where more than 80 matches were found in a box. Every tinder box was subject to a duty of 5s. each.

Q.—Were any duties placed on beer and spirits?

A.—The beer duty was raised in November, 1914, from 8s. 3d. to 25s. 6d. per barrel for imported, and from 7s. 8d. to 25s. a barrel for home-made. A cider duty of 4d. per gallon was imposed, and table waters had to pay a duty of 4d. and 8d. a gallon. The various new customs and excise duties increased the revenue from £75,000,000 before the war to £136,000,000 for 1916-17.

Q.—Where has most of the additional revenue been obtained from?

A.—From the increased Income Tax, and the Excess Profits Tax. When the war began, the Income Tax stood at 1s. 2d.; it was increased to 2s. 6d. in the £ in July, 1915; to 3s. 6d. in December, 1915; and to 5s. in 1916. In addition there was a super-tax of 3s. 6d. in the £ for higher Income Tax. It is anticipated that the revenue from Income Tax alone will reach £195,000,000 this year, a greater sum than the entire revenue the Treasury received the year before the war. The Excess Profits Tax has been raised from 50 per cent. to 60 per cent., and is calculated to produce £86,000,000 this year.

Q.—Do you mean to say that everyone who has a taxable income must pay a quarter of it away in income tax?

A.—The weight of the 5s. Income Tax is made easier to those whose incomes do not exceed £2500, as far as the earned part is concerned. That earned part will now pay 2s. 3d. to £500; 2s. 6d. to £1000; 3s. to £1500; 3s. 8d. to £2000; and 4s. 4d. in the £ when the earned income does not exceed £2500, at which figure the super-tax becomes payable, if the whole income exceeds £3000. And so, also, when an unearned income does not exceed £2000, the Income Tax will be 3s.

to £500; 3s. 6d. to £1000; 4s. to £1500; and 4s. 6d. in the £ when the income does not exceed £2000. This relief will be due in addition to any other relief, or where exemption or abatement reduces the taxable amount; but the relief must be on account of the claimant's own income, and his own income only.

Q.—Could you tell me what was the value of the war exports from United States last year?

A.—The returns for the whole year have not been published, but up to the end of August, that is to say, for the first eight months of 1916, the value of the war material exported was £171,000,000; for the whole of 1915 it was £124,000,000. It is estimated that the total war export for 1916 has probably passed £300,000,000. On the 1st of January, 1916, the value of war orders was said to be £400,000,000. From this it is evident that there are a large number of orders placed last year still to be completed. Of the totals during the first eight months, £109,000,000 were for war munitions, that is to say, explosives, firearms, acids, aeroplanes, and wire. £21,800,000 were for war accessories, viz., motor cars, motor cycles, scientific instruments, and petrol. £40,000,000 were for war supplies, viz., horses and mules, railway cars, metal working machinery (£11,000,000 worth), sheet rails, boots and shoes.

Q.—How much wheat is India sending to the Allies this year?

A.—The Government of India recently sanctioned the export of 400,000 tons (13,000,000 bushels), which was to be shipped during November, December and January to the United Kingdom, France and Italy, under an arrangement made by the Royal Commission on Wheat Supplies.

Q.—What is the usual annual production of wheat in the United Kingdom?

A.—About 2,000,000 acres are sown in wheat, and the production is about 65,000,000 bushels, the yield, therefore, averages about 32 bushels per acre.

Q.—Some time ago you gave particulars of the production of German pig iron. Is that production still increasing?

A.—In October, according to reports published in *The Times*, the pig iron production in Germany amounted to 1,161,000 tons; in September it amounted to 1,116,000 bushels; the yield, therefore, averages 45,000 tons.

Q.—We have been told that during 1916 the Russians took almost 1,000,000 Austro-German prisoners. Is this figure official, or is it merely an estimate?

A.—It is an estimate merely, compiled from the reports of captures cabled out as the campaign went on. These undoubtedly were constantly duplicated. An official message from Petrograd now states that the total captures for 1916 were 8770 officers and 420,000 men. Practically all these captures were made during Brusiloff's three months' offensive in Galicia. If, however, you add together the prisoners reported captured during these three months, you will find that they considerably exceed the 420,000 now obtained for the whole year. This is due to the fact that different reports must refer to the same action, in which prisoners were taken. This has always been the case with all the cables concerning Russian doings in the eastern theatre.

Q.—In the reports of the Jutland battle it was claimed that the German battle-cruisers "Derfflinger," and "Seydlitz," and the dreadnought "Westfalen" had been sunk. The papers recently referred to these ships as being in a dilapidated condition in Kiel Harbour. Were they actually sunk, as at first reported?

A.—The Germans themselves admitted the loss of the *Westfalen*, which was the somewhat ridiculed reply of the Teutons to our own *Dreadnought*, but they denied that either the *Derfflinger* or the *Seydlitz* were sunk. Their statement of losses in that battle is now generally accepted as having been correct.

Q.—Can you tell me how many Italians there are in Dalmatia, Istria and Fiume?

A.—About 40 per cent of the inhabitants of Fiume are of Italian descent. In Dalmatia, with a population of some 600,000, 3 per cent. only are Italian. In Istria, roughly a third of a total population of 350,000 are said to be Italians. Whilst there are only about 60,000 Italians altogether in Austria there are over 700,000 who speak Italian or modifications of that language.

Q.—Has the Reichstag any real authority over the German Government?

A.—Like the House of Commons, it has authority of the money bags, and can, therefore, exercise control over the Government. In England the Prime Minister selects his colleagues from amongst the members of the House of Commons and the House of Lords. In Germany the Imperial Chancellor is

selected by the Emperor, and is always a member of the Upper House, or Bundesrath. His colleagues are not necessarily members of the Upper House, and they are directly responsible to the Chancellor, not to Parliament. Like King George, the Kaiser can declare war, providing it is a defensive war, without consulting anybody. If it is an offensive war he must obtain the permission of the Bundesrath. This body consists of fifty-eight members, who are appointed for each session by the Governments of the individual States which form the German Empire. This representation rests on a population basis, with a minimum of one; in fact, seventeen of the Principalities and Duchies have only one representative in this Upper House. There are 397 members in the Reichstag. They are elected for five years by universal suffrage, although women of course do not vote. Roughly, one member is elected by every 150,000 inhabitants. Thus it comes about that Alsace-Lorraine sent 15 members to the Reichstag, whilst Baden sent only 14, Wurtemberg sent 17, Saxony was represented by 23, Bavaria by 48, and Prussia by 236. The members of the Reichstag are paid at the rate of £150 per session, with a deduction of £1 for each day's absence. They have free passes over the German railways during the session only.

Q.—Has the rumour concerning the sinking of a Russian dreadnought in the Black Sea ever been confirmed?

A.—According to an official report from Sofia, the *Imperatrița Maria* struck a mine at the mouth of the Danube and sank, but there has been thus far no confirmation from Petrograd. It is interesting to hear of this dreadnought, as she was one of the three laid down in October, 1911.

Q.—Can you tell me the number of British casualties in the Gallipoli campaign, the number of Australian, and the number of troops employed?

A.—Definite figures have not been published, but Mr. Asquith stated that up to December 9th, 1915, the total number of British casualties at the Dardanelles were as follows:—

Killed—	
Officers	1,667
Others	24,535
Wounded—	
Officers	3,028
Others	72,781
Missing—	
Officers	350
Others	12,194

A total altogether of 114,555

The Australian casualty lists as published here up to the end of March, 1916, give the following totals:—

Dead—	
Officers	347
Others	6,443
Wounded—	
Officers	262
Others	10,118
Missing—	
Officers	19
Others	1,887

A total altogether of 18,666

If we deduct this from the 114,555 British casualties, we get the losses (95,889) which were sustained by British forces, other than Australian, on the Peninsula. It is reasonable to assume that, as the British losses were five times as great as the Australian, there must have been five times as many British and Indian troops used on the Peninsula as there were Australian. In addition, there were a large number of French soldiers used at Krithia.

Q.—Can an Australian born of parents who were both natural born Hanoverian subjects of King William IV., and who arrived in Australia before 1850, be considered as being of enemy descent?

A.—He would probably be so regarded here, on the ground that the Hanoverians were Teutons, and that Hanover now belongs to Prussia. As a matter of fact Hanover was conquered by Prussia in 1866, a couple of years after Schleswig-Holstein had been annexed. There is no more ground for regarding a man who left Hanover before 1866 as a German than there is for so regarding a native of Schleswig who quitted his country before 1864. The Schleswig-Holsteiners are Teutons just as much as the Hanoverians. After the crowns of Great Britain and Hanover were separate in 1837, Hanover became a very active rival of Prussia, and consistently supported Austria against the Hohenzollern Kings. It was in the war between Prussia and Austria that Hanover lost her independence, having allied herself with the defeated Empire.

Q.—Can you tell me how many ships have been sunk since the war began?

A.—According to *The N.Y. Journal of Commerce*, during the first twenty-seven months of the war—that is to say, up till the end of October, 1916, 1820 ships, with a gross tonnage of approximately 3,329,000, had been sunk by belligerent nations. During November and December an addition of the boats reported lost every day, shows that 219 ships were sunk; the tonnage is not

always given, but it certainly must have totalled over 425,000. During the first three weeks of January—including the 22 vessels reported sunk by the German raider—the ships lost numbered 107, with an approximate tonnage of 280,000. As hardly

any German ships have been sunk—many, of course, have been captured—it would seem that the total losses inflicted by the Germans on allied and neutral shipping are 2146 ships sunk, with a tonnage of over 4,000,000.

WHERE PROFITS ARE SHARED WITH LABOUR.

A fervent advocate of co-partnership, Sir William Lever, in *System*, points out that now is the time for employers to set their house in order, to prepare for increased output on the cessation of hostilities, and to remain on terms of friendship with Labour. In most factories and businesses these things can best be brought about by a genuine system of profit-sharing.

The Lever Company in 1909 created partnership certificates to the value of half a million, which were credited on a 10 per cent. salary basis to employees above the age of twenty-five with four years' service. Every year since, further certificates averaging 12½ per cent. have been given. These draw a dividend of 5 per cent. less than that paid on the ordinary shares. The certificates are not marketable, are only for the employees or their widows, but the interest is paid in 5 per cent. preferred ordinary shares, which can be sold. As an inducement to employees to retain their shares extra dividend is paid them. When an employee dies his co-partnership certificates are converted into preferential certificates, and his widow draws 5 per cent. preferential dividend. A committee of managers and employees deals with the apportioning, and its recommendations go before an intermediate committee, and finally Sir William Lever himself makes the award.

Sir William has some generous things to say of trade unions, but he cannot forgive them for restricting output:—

Labour ought to realise that the prosperity of any nation is absolutely proportionate in these days of standardised production to the amount of its automatic machinery. High wages and power-driven plant go hand in hand. You cannot have the one without the other. You cannot pay high wages with a relatively low output. High output means that there are just so many more thousand of every article to be sold abroad or to the workers themselves. The purchasing power of the worker is based finally and inevitably on his productive power. If machinery helps him to make twice as many articles this year as he did last, there will be just that many more things for the world to buy and pay for.

I think that the workers are gradually coming to see this. Co-partnership helps

them to realise it. For the mere fact that they are co-partners in the business makes them interested in its working as a whole, as distinct from their own department.

High rate of production does not mean hurry or rush or overstrain, but simply that the employees are alert and thinking about their work all the time. Sir William fails to understand why unions should be either apathetic or hostile to profit-sharing:

They do not appear to understand that to make the workers interested is to put them on the road to management. The trade union leaders seem merely to see dividends going to some of their members and to some only, while what they want is uniformity of hours and wages. They look at co-partnership as disturbing that process. But, personally, I do not see that they need to be alarmed. There is no reason in the world why co-partnership or profit-sharing in a business should in any way interfere with the solidarity of the workers of any trade. For if conditions and wages are improved in, say, half of the factories concerned, then the improvement is bound to be reflected in the other half. The mere competition of employers for labour means that improvement in the conditions of some factories inevitably speeds up improvement in all the others in the trade. Otherwise the other factories will be without efficient labour, which always demands the best possible conditions.

Many profit-sharing schemes have failed, says Sir William, because the men were partners only in name. Co-partnership, he finds, develops the sense of responsibility, and helps the employees to qualify for the duties of high management, and he looks to it to gradually reduce the burden borne by chairmen and boards of directors. He thinks it impossible to run a business successfully if you keep the men from sharing the profits, or to get them to bear responsibility if they are not paid for doing so. Profit-sharing will be impossible, he admits, in some classes of employment, and some other method of securing the interest of the employees must be adopted. But as a business proposition it can be applied to all standard industries, and he looks upon it as the most practical method of meeting the Labour problems of to-morrow.



NATIONAL EFFICIENCY

PIECE WORK AS AN INDUSTRIAL REMEDY.

By J. A. BUTLER.

Although trade unionists as a body in Australia are opposed to piece work, and although the employer, knowing the power of the unions, is inclined to resign himself to day wages and slowing down as inevitable, there may yet be found among those we regard as leaders some few who will pull the nation out of its incredible sloth in these matters, and set it boldly on the path of improvement. If there were adequate means of placing sound industrial knowledge before working men, the short-sighted policy of the extreme labourites could be easily shown to be fallacious, and something very much more convincing, both to the employee and the employer, could be suggested in its place. It would naturally be necessary to use sound arguments, but of these there is no lack, and they are based on actual results of higher wages, lower manufacturing cost, easier and less monotonous work, and bigger profits. Could these facts be brought before the very large class whose earnings range around £2 10s. to £3 10s., if they are men, and 30s. to 35s. a week, for women, there would be some chance of the adoption of a reasonable programme, and a gradual reduction of the tendency to use force.

It must not be supposed that the agitator has nothing but an agitation to work on. His trump card is a natural demand that modern invention should be made to produce better conditions for the masses and the lessening of hardships which in the past the vast majority of humans forcibly had to endure. Extreme labour men refer to the world's recognised organiser as an emblem of hope deferred which maketh the heart sick, when they ask how he has used his opportunities to provide better conditions for the workmen, for whom he is supposed to organise. That it would be possible to make machinery more of a benefit to the human race has been proved by scientific investigators, but

if the remedies these experts have to recommend are only inquired for under stress of national catastrophe, it looks as if Australia must wait for some dire disaster, such as that which has at last awakened England. The mere threat of an industrial impasse is insufficient, and in any case British communities dislike indecent haste. Time, however, for spreading sound industrial knowledge will be rather limited, if nothing short of enforced stoppage of practically all industry can make the powers that be see the need for such knowledge. Any one who will inquire into how workingmen are being misled by their own papers, which they finance and subscribe to, and will then study the widely circulating dailies of the Commonwealth and note the absence of any counteracting campaign in the interests of common sense and the common weal, will perhaps not be surprised that the extreme labourite finds his triumph an easy one. He is given an unmolested walk-over in every part of Australia. Furthermore, he is rather helped than hindered by the abusive kind of assertion against labour, which is very often found in leading articles and platform orations, especially when these are backed by no reasonable proof whatever.

WHAT ARE THE FACTS?

As the most bitter opponent of the mass of trade unionists accuses them of nothing much worse than being misled, there should be some way of undoing the harm that has been done. Other countries are trying to ward off catastrophe, why cannot Australia do the same? It would certainly help if the evidence of actual achievement in other parts of the world were circulated to contradict the unsupported statements of the labour newspapers. This, of course, would require a fairly well organised campaign, but at present the only extensive organisation brought to bear in the matter is that of the extreme labour people. One

essential for the salvation of Australian industry seems to be the development among employers of enough perception of their own interests to make them endeavour to have work conducted on a system by which the efforts of everyone engaged will be exerted in one direction, for the mutual good of both capital and labour. The movement would also require public support. Therefore, it would be well if the whole nation could be induced to pause and reflect on the urgency of coping with the threatened danger. The remedy most generally recommended in recent times is that known as industrial efficiency, which is simply the application of common-sense measures, with the aid of suggestions from men of ability, who have made a thorough study of how common sense can be best applied. If the precepts of the efficiency advocates are sound—and they certainly appear so—it should be possible to put them before the working class in such a way that they will be properly considered. Up to now, comparatively few even of our employers have troubled themselves to learn about efficiency, notwithstanding that a knowledge of what it means might save them from ruin in the near future. Efficiency information has been more or less actively disseminated by a few score of clear thinkers in Australia during the last two or three years, but they have not been encouraged by the attitude of the rest of the population—not even of that part of it which is heart and soul opposed to the teachings of extreme labour. If the average man has come out of his lethargy at all, it has been usually to opine that every remedy he hears propounded cannot be applied because the trade unions won't have it. In a great many cases he does not show any interest when the subject is discussed verbally, and he finds in the literature put before him very little chance of reading what the experts of the world have to teach.

DEVELOPMENT OF SKILL.

Efficiency pays special attention to the teaching of craftsmanship. Intelligent managers say an able man at high wages pays better than an inefficient one who will work for less, but very few factories evince interest in the increase of a workman's skill. The manager usually passes on to his foremen the solution of all problems concerning the ability of workmen. Pleasant as it would be to ring in some change on the hackneyed shortcomings of the employer, the fact remains that all practical investigators, who, at the instigation of

capital, conduct scientific inquiries into the labour of factories, are forced to the conclusion that managerial shortcomings are legion. In Australia the cry is that efficiency methods cannot be adopted under conditions as they exist. Unfortunately, this is to some extent true, although not perhaps in the sense intended. The machinery in many factories, in all countries with the possible exception of Germany, is so arranged that to do anything different from what is being already done would be difficult. Most factories have grown from small beginnings, and while the character of the work may have changed, efforts have been made in many cases to carry on with what has become unsuitable plant. A young representative of an American machine maker once recommended a dignified meeting of directors in Melbourne, in regard to their plant, to "drown it while it was a pup," and they have never regretted doing so, and installing new machinery that could be developed into what would be wanted.

PIECE WORK DISCOURAGED BY EMPLOYERS.

Plant, of course, is an important item, when people are complaining of high prices, and when it is desired to cheapen factory cost. But plant is not the crux of the position, for neither side has any serious objection to modern machinery. The pressing problem is to arrive at some *modus operandi* under which the interests of everyone in any industry, from the proprietors to the humblest workmen, will be best served. In answer to an efficiency advocate a labour leader said recently, "There are at least two points to settle before we can enter energetically into your movement." The first of these points was in relation to a large number of employers, who have, all over the world, through a number of years, thoughtlessly forced men to sell their labour by time instead of by piece. Over and over again, when piece rates have been fixed, and when men who were neither drunkards nor gamblers, have become more and more skilful, so as to provide happier conditions in their homes, the rate per piece has been cut and cut and cut. In the end a first-class craftsman, even when his output has greatly increased, has been left, in the matter of monetary reward, just where he was before, with his earnings no greater than were those of the inferior man, who had been beside him a few years earlier. Regrettable as this may sound, Australia can take comfort in the reflection that she perhaps has a very serviceable

remedy up her sleeve, namely, the scientific development of piece work.

WHAT MIGHT HAVE BEEN.

If similar ability to that shown by some employers in combining to put up prices had been devoted to organising a scheme for offering workmen a fair and lasting system of payment by results, earnings would probably have been kept more in accord with merit, output per pound paid in wages would certainly have been greater, skill would have been improved, and the task of the extreme labourite to mislead ordinary law-abiding men would have been more difficult. Even the most reasonable unionist, if he take the matter up at all, will try to secure an enduring benefit for himself out of the good that is expected to result from his whole-hearted co-operation with the efficiency movement. Also, he will warn his comrades against the danger of weakening the union, for fear of their public spirit being exploited by unscrupulous employers, and of their own prosperity being reduced simply because they honestly tried to help in the national well-being. When these facts are recognised, it seems clear that any proposals for altering our present methods of opposing force against force, must include provision for making it clear to the workmen that they are not going to be "left," but are going to be benefited, both in the immediate and distant future. Yet this logical and convincing item is practically always omitted in the partisan dissertations, in which the trade unionist is castigated for his short-sighted policy of imitating those who form combines to sell their goods at the highest prices they feel it safe to ask.

COST OF DISTRIBUTION.

The second point the trade unionist wants dealing with, if he is to enthuse about efficiency, is one that will be much more difficult to deal with, namely, the cost of distribution. He asks, and logically enough, if much good can come from economical production in factories, when from 40 to 100 per cent. or even more is added by the clumsy methods of handling commodities between the factory and the household which uses them. Although the problem is complicated, it must not be altogether shirked. In many cases, especially in America, the artisan complains that the financial men who control his factory find it more profitable to neglect inferior efficiency and to devote their energies to "the manufacture of high prices." This sort of behaviour, on the part of influential

members of a class which appeals to the workman to think of the good of the nation, sets workmen thinking. The better trade unionists regret the irritation strike, and all unreasonable conduct, such as that of men, who, on impulse, without consideration of the fact, leave work hurriedly out of sympathy with a comrade who has been dismissed. They also fear that their present plan of strike after strike is bound in time to tell against their own welfare, but they hardly know whom to trust. In view of the profits made by distributors of goods, and the methods which have been revealed by judicial investigations into combines, the operative honestly doing his bit in the factory feels that the whole crime of putting things out of joint ought not to be entirely charged against him and his mates. It is unnecessary to labour the subject further, to make it plain that the task of enlisting the sympathies of the vast majority of workmen on the side of honest co-operation with capital for the national good is not necessarily impossible, if it is tackled seriously by broad-minded and able men, who will sympathetically try to appreciate views of the workmen.

Experto Crede.

Those who imagine that efficiency experts are hard, unfeeling taskmasters will probably learn with surprise that confirmation of the views expressed above on behalf of trade unionists can be found in the writings of such well-known efficiency exponents as the late F. W. Taylor and his pupil, and modern representative, H. L. Gantt. It is now thirty-six years since Taylor began to introduce his ideas into the small machine shop of the Midvale Steel Company of Philadelphia. After a fairly good education and an apprenticeship as pattern maker and machinist, he entered the Midvale machine shop in 1878, as a labourer, for lack of other employment. He was soon promoted to a lathe, and shortly afterwards made gang boss over the lathes. Most managers of large engineering works in Australia are familiar with the Taylor system as explained in his two books, "Shop Management" and the "Principles of Scientific Management." Taylor's methods have been objected to because they lack humaneness and accent the machine idea of the worker. These defects, however, have been eliminated by his successors, and the scientific basis on which Taylor worked remains as a guide for the whole world. When he retired his mantle fell on his able assistant and colleague, H. L. Gantt, whose bonus system might be

termed the fairest and most robust of all the piece rate, bonus, and premium systems now practised. After many successes in engineering shops, Gantt took up the improvement of bleacheries, packing box making and of weaving and other operations in textile factories. In his book, "Work, Wages, and Profits," the second edition of which was published in New York in 1913, he gives an interesting description of his difficulties and results, with explanatory charts. In some instances he increased the output by 200 per cent., without adding to the plant; while the individual wages went up by 40 per cent., and the labour cost was reduced by 40 per cent. Judging by the small amount of upset among the operatives, as compared with labour disputes caused by the introduction of piece work without the benefit of efficiency instruction, the employees would seem to have welcomed the new system as soon as they understood it.

The following quotation from Mr. Gantt's book is instructive:—"We cannot blame the workman if he now spends his extra energy in forming his union, for in the past unions have done more for him than he could do for himself. If we wish him to abandon the use of force, we must assure him of an equitable return for his efforts without it. Inasmuch as in the union the good man seldom gets all he is worth, we can get the good men on our side, if we can convince them that their efforts will be adequately rewarded. This brings us to the system of piece work, which when properly operated provides a complete system of instruction to the workman, equitable compensation for his efforts, and opportunity for advancement on his own merits, and not through "pull" or friendship. So far these methods have never failed to create a strong feeling of harmony and co-operation."

THE GANTT BONUS SYSTEM.

Mr. Gantt thus describes the essentials of his system:—" (1) To have the best expert available investigate in detail every piece of work, and find out the best method and shortest time for doing it with the appliances to be had. (2) To develop a standard method for doing the work, and to set a maximum time within which a good workman should be able to accomplish it. (3) To find the capable workmen who can do the work in the time and manner set, or teach ordinary workmen to do it. (4) Whenever high efficiency is obtained to compensate liberally not only the workman actually doing the work, but also those who

supply him with materials and appliances to enable him to maintain the efficiency specified. (5) To find, among the workmen who have learned the best ways of doing work, some that can investigate and teach, and thus gradually get recruits for the corps of experts, so that the system can be self-supporting. The training of workmen should be in the hands of some other than the foreman, who is too busy with the routine work to attend to the routine properly."

Like most other modern advocates of scientific piece rates, Mr. Gantt provides for employees being paid time wages if they exceed the time fixed for a piece work job, but if they finish the work in the time allowed, they are paid a bonus. Moreover, no matter how quickly they work they get under the Gantt system the full price for the job done. This is why the Gantt bonus system is more beneficial to the workman than the Rowan premium system, which might be said to stand at the other end of the gamut. There are many variations in between these two. Roughly, if the Gantt system allows three hours for a job, a man is paid by the hour if he takes three hours and five minutes, or four hours, or even five to finish it. But, if he accomplish the task in three hours, he receives four hours' full pay for his three hours' work. Should he put it through in two hours and a-half he still receives four hours' pay. The foreman or instructor and other employees who can help towards good work, or in the teaching of increased skill, or better methods, also receive a small bonus for each operative who achieves his task. Furthermore, when every operative under a given foreman or instructor earns the bonus, such foreman or instructor receives a little larger bonus in respect of each man on his gang. This encourages special pains in the teaching and helping of those who need help most.

THE ROWAN PREMIUM SYSTEM.

Of course, great care is needed with the Gantt system in fixing the tasks, so that, on the one hand, men shall not be disheartened by these being too severe, and on the other hand, shall not earn on one class of work inordinately pay high envelopes, as compared to what can be earned at piece rates on other work. Premium systems, such as the Rowan, have been designed to minimise the bad effects of carelessness in fixing the time allowance for different work. The easiest way to grasp the Rowan system is by working out the actual cases. If 100

hours be allowed for a job, and a man does it in 75 hours, thus saving 25 per cent. of the time allowed, the time he actually worked, or 75 hours, is increased by 25 per cent., that is, by the percentage by which he beat the time fixed for the job. As 25 per cent. of 75 hours is $18\frac{3}{4}$, the man is paid for 75 plus $18\frac{3}{4}$ hours, or $93\frac{3}{4}$ hours, although if he had been unable to put the work through in less than 100 hours, the firm would have had to pay him for 100 hours. Had the employee finished the job in 50 hours, thus saving 50 per cent. of the time allowed, the hours actually worked, or 50, would have been increased by 50 per cent., that is, by 25 hours, and the man would have received ordinary time rate for 75 hours. By the Rowan system, the more quickly a man works, the less the firm have to pay for

the job, whereas by the Gantt system the firm pay the same for a job no matter how skilful the workman becomes; in fact, at the point where a man just fails to earn the bonus, the firm pay him a much higher rate per hour for going more quickly, and as his skill increases, he receives all the benefit of the quicker work, except such as accrues to the firm by reason of a bigger output from a given expenditure on plant and overhead costs, and except, also, the general gain the efficiency advocates claim for any factory, by reason of a high standard of skill among all the employees. There are obvious advantages connected with both systems, and the Rowan system has worked with success since 1898, in the marine engine works of Messrs. David Rowan and Co., Glasgow, and also in other factories that have adopted it.

FINANCIAL AND BUSINESS QUARTER.

A fine tribute to the vigilance and strength of the British Navy is furnished by the statistics relating to the inwards and outwards trade of the United Kingdom for the year 1916. Many hidden dangers await the cargo-carrier both in its journey to and from Great Britain, but for the most part, although the toll of the enemy submarines at times appears very alarming, it is remarkable how little (judging from the statistics) the oversea trade of the Kingdom, in the aggregate, appears to have been disturbed by the depredations of the enemy. Imports were valued at £949,324,992, and exports at £605,737,882, leaving an adverse balance of £343,000,000. In the previous year the adverse balance was over £24,000,000 greater, but immediately before the war the normal adverse balance was over £200,000,000 less, imports in 1913 totalling £769,033,959, and exports £635,117,134. Since 1914, of course, both the inwards and outwards figures have been augmented considerably by the abnormally high prices of materials, the authorities have made herculean efforts to diminish the importation of any but absolute necessities, but in this regard it would appear that they have not been altogether successful. At the same time steps have been taken to keep the exchange value of the sovereign at something like its normal rate by the flotation of loans in the United States, from whence most of the merchandise has been purchased. This mode of adjusting the effects of an ad-

verse trade balance is, however, a costly one, making as it does a great drain upon the financial resources of the nation at a time when such resources could be more advantageously employed.

* * *

During 1916 exports from the United States of America to the United Kingdom were valued at approximately £400,000,000, business with France represented about £200,000,000, with Russia nearly £26,000,000. At the same time it is estimated that the United States sold to Germany merchandise to the value of only £200,000, and to Austria about £20,000 worth. In the twelve months preceding the outbreak of the war, Germany purchased £68,958,855 worth of goods from U.S.A., and imports to Austria-Hungary from across the Atlantic totalled £4,541,651. Evidence of the wonderful growth of the trade of the United States is supplied by official statistics, which show that the imports and exports of the port of New York for 1916 totalled £800,013,800, being in excess of the previous record by over £200,000,000. As a result of her remarkable trade prosperity, it has been estimated that the United States had extended credits totalling £300,000,000 to belligerent Powers between August, 1914, and the middle of November, 1916, and that American securities owned by foreigners, and representing about £400,000,000, had been repurchased. In addition, ap-

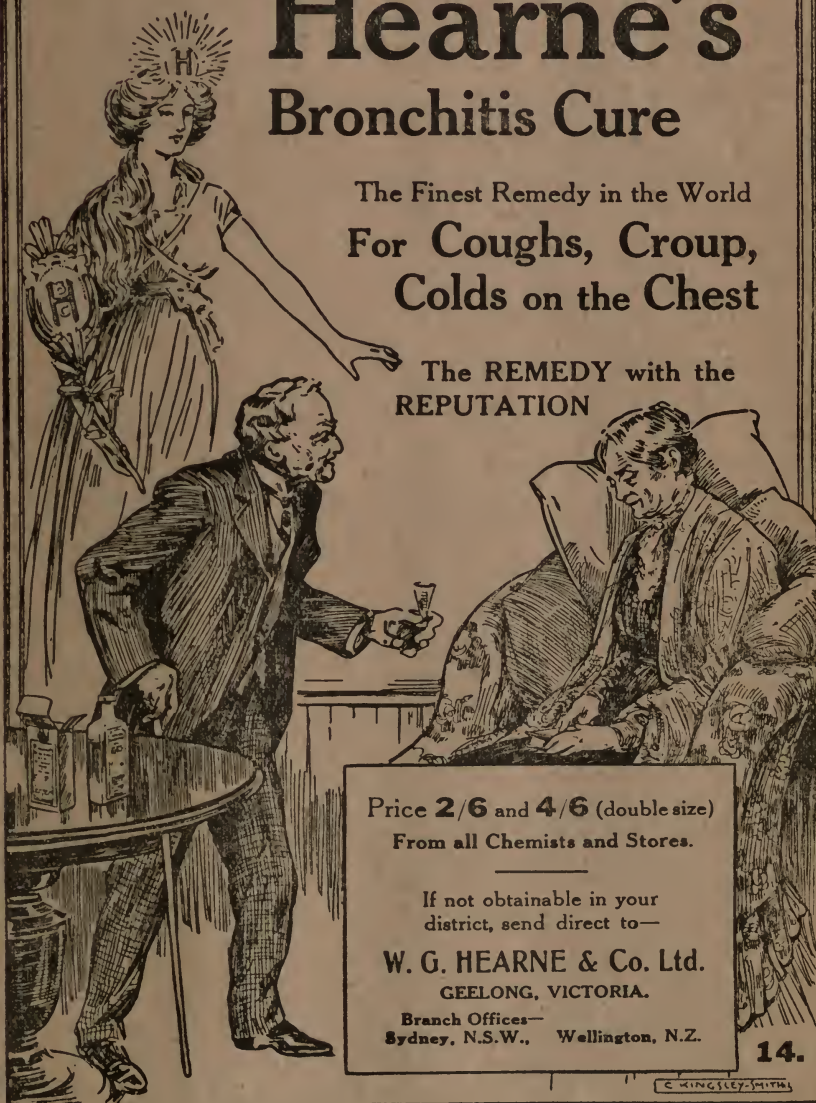
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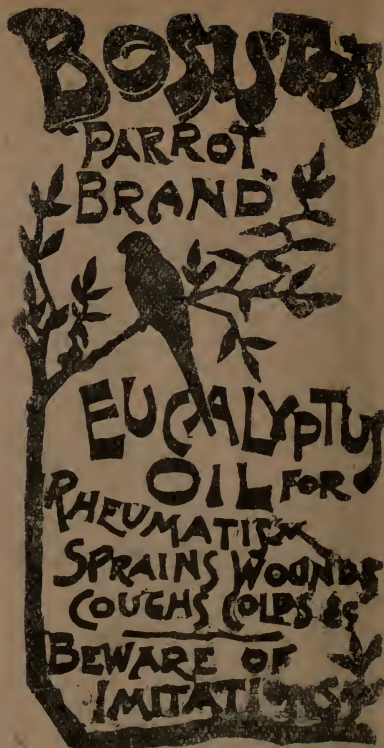
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proximately £125,000,000 had entered the States in the form of gold. Assuming these new "resources" to be earning a uniform rate of interest of 5 per cent. per annum, American investors would appear to be now drawing about £41,250,000 per annum more than prior to the war!

* * *

Of more than ordinary interest at the present time, when the Federal authorities are appealing to citizens of the Commonwealth to subscribe liberally to the War Loan, is information relating to the conditions of the various financial institutions of the country. The averages for the December quarter of the fourteen joint-stock banks doing business in Victoria have just been published, and generally indicate a fairly satisfactory position, although the figures suffer by comparison with the previous three months, and twelve months earlier. Total deposits are set down at £46,777,233, which compares with £47,864,348 for the corresponding quarter in the previous year, representing a contraction of £1,087,115. Advances on the other hand have increased by £2,273,596, the total figures being £40,309,872 and £38,036,276 respectively. Comparing the December and September quarters, liabilities show a net decrease of £197,092, Government deposits show a shrinkage of £71,750, and public deposits are less by £136,164. Coin and bullion holdings have diminished by £1,150,725, Australian notes have increased by £12,299, whilst advances were greater during the last three months of the year by £998,919.

* * *

A remarkable record of expansion is shown in connection with the operations of the Commonwealth Bank in Victoria. During the December quarter the average deposits of the bank (current and fixed) totalled £8,683,044, that figure comparing with £2,883,499 in the last three months of 1915, and £970,429 for the similar term in 1914, the movement in two years representing an increase of £7,712,615! Since 1914 deposits in the savings bank section have grown by nearly £1,000,000, advances have risen from £200,941 to £1,480,079, total liabilities have expanded from £2,438,832 to £11,153,076, and total assets from £2,135,887 to £10,921,666. Although statistics are not yet available from the other States regarding the Bank's activities in the December quarter, it is quite on the cards that similar progress has

been made. Some reason for the wonderful growth of the bank can of course be attributed to the special opportunities thrown in its way as a result of the war, but there is also no gainsaying the fact that a considerable amount of business is undergoing the process of diversion from the private joint-stock banks to the Federal institution.

* * *

Since the year 1909, when exports from Victoria exceeded imports by £1,310,895, the trade balance of the State has been growing steadily adverse to the extent of £1,814,310 in 1910, to £10,931,130 in 1916. During the twelve months ended December 31st last, exports from Victoria totalled £17,598,546, and imports £28,529,676. In apparel and softgoods alone, the value imported during 1916 was £8,992,264, that sum being over £3,000,000 in excess of the value of that class of merchandise, imported during the previous twelve months.

* * *

The gradual "working out" of profitable fields, the high cost of labour and materials, and the withdrawal, through enlistments of many young miners from the country districts, had a depressing effect upon the mining industry in the Commonwealth during the year just closed, and it would seem that adequate encouragement will require to be accorded by the Government to mining enterprises in the near future, if the industry is to be saved from gradual extinction. It is impossible to imagine for a moment that the mineral resources of the Commonwealth have been depleted, but the occasion demands something more than spasmodic individual efforts to "blaze the track" and "explore the unknown" in the remote parts of Australia, if the industry is again to become a great one. For many years past the gold yield has been steadily diminishing. During 1916 the yield was estimated at 1,675,839 fine ozs., in 1915 at 1,949,680 fine ozs., and in 1914 at 2,055,203 fine ozs., the contraction in two years representing 379,364 fine ozs., or the equivalent of about £1,600,000. Every State in the Commonwealth has contributed to the decline. The downward movement is of course reflected in the activities of the various Mints in Australia. For instance, the quantity of gold received at the Melbourne Mint during last year was 318,474 fine ozs., compared with 436,534 fine ozs. in 1915, and 489,481 fine ozs. in 1914.

The cables have informed us that Switzerland is negotiating a loan of £100,000,000 in France. Out of this amount £20,000,000 is to be devoted to the conversion of a previous loan. In common with all the other European neutral countries, Switzerland had its financial responsibilities considerably added to as a result of the war. The total Swiss expenditure on mobilisation up to September 16th last was about £17,500,000. Adding the known budget deficits for 1914 and 1915, the estimated deficit for the current year and the presumed deficit for 1917, will make the total about £32,000,000. As a set off, the products of the war levy on capital and earned income, the tax of 25 per cent. on war profits, licences to export goods, and other special items of revenue, will probably amount to £5,000,000, leaving a net war debt of about £27,000,000.

* * *

In order to ensure the maintenance of her industries, Switzerland found it necessary to enter into a convention last year with Germany. Under the terms of the convention, which will expire on April 30th next, Germany agreed to supply Switzerland with coal, steel and iron in return for compensation from Switzerland in the form of her own produce. Each country is to permit the exportation to the other of its own produce and manufactures so far as it can spare them, and the convention specifies German coal, iron and steel. Export licences are accorded without delay by each country, under pain of cessation of supplies from the other. Germany furnished Switzerland with 253,000 tons of coal monthly. The German goods now detained in Switzerland, chiefly cotton, held up as contraband of war, and foodstuffs, will be released without compensation at the end of the war. It is understood that the "goods" supplied by Switzerland include live cattle, cheese, and aluminium. A cable message published in the morning press on January 22nd stated that "Germany has prohibited all imports from Switzerland. This action is designed either to avert a fall in the rate of exchange, or to avert congestion on the South German railways."

* * *

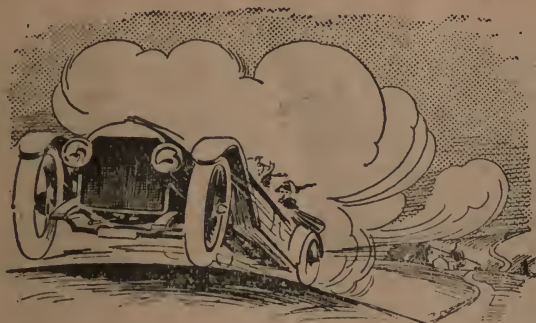
The editor of the *British Investors' Review* has received a communication from a citizen in Sydney which has caused that gentleman (as it will a large number of readers) to "reflect." The communication, which probably caused the literary chief to

put aside his pen and think hard, was merely a contrast in figures between the progress made by the Argentine Republic and the Commonwealth of Australia, as revealed in the latest published statistics. Argentine has risen now to be "one of the largest food-exporting countries in the world," and Australia has been left behind almost "in everything except sheep, wool and national debt." Some of the figures are as follow:—National debt: Australia, £432,000,000; Argentine, £112,000,000. Population: Australia, 4,932,000; Argentine, 8,000,000. Paper money: Australia, £41,760,000; Argentine, £87,300,000. Gold reserve: Australia, £16,000,000; Argentine, £62,100,000. Excess of exports over imports for 10 years, 1906-15: Australia, £113,000,000; Argentine, £155,788,000. Some of the comparisons of exports are hardly fair, as the year selected, 1914-15, was the Commonwealth's worst drought year; but nevertheless, as the *Review* puts it, "the figures deserve to be ruminated upon, even by great Imperial politicians." According to the writer, the experiments in Socialism in Australia have done nothing to help Australia in the struggle for independent existence; rather have they worsened its position and dimmed its prospects.

ADVERTISING A RED FEATHER.

On the outside back cover of "Stead's Review" of August 26 last appeared an advertisement of Red Feather Cheese, the tasty and appetising Australian Cheddar. Readers were asked, if they could not get the cheese from the grocer, to send rod. in stamps to the manufacturers, but through an inadvertence the name and address of the manufacturers were omitted. As recently as January 18 of this year—five months after the advertisement appeared—the Cresco Food Co., of 376 Flinders street, Melbourne, received a letter from a correspondent, who happened to know the Company to be the makers of Red Feather Cheese, drawing their attention to the omission of the name.

We mention the matter partly in the hope that those of our subscribers who read the advertisement, wanted to write and have not yet done so, will now communicate with the Cresco Food Co., 376 Flinders street, Melbourne, and partly because this is evidence to all advertisers of the fact that "Stead's Review" is read and re-read, and that an advertisement therein is productive for months after it has appeared.



Taking the hill on "top"

The last pinch of the hill doesn't matter if you are using the right spirit. Don't rack your gears and race your engine by changing down. Do the whole climb on top. You must use "Plume" before you will appreciate its wonderful qualities. More mileage, easier starting, cleaner cylinders.

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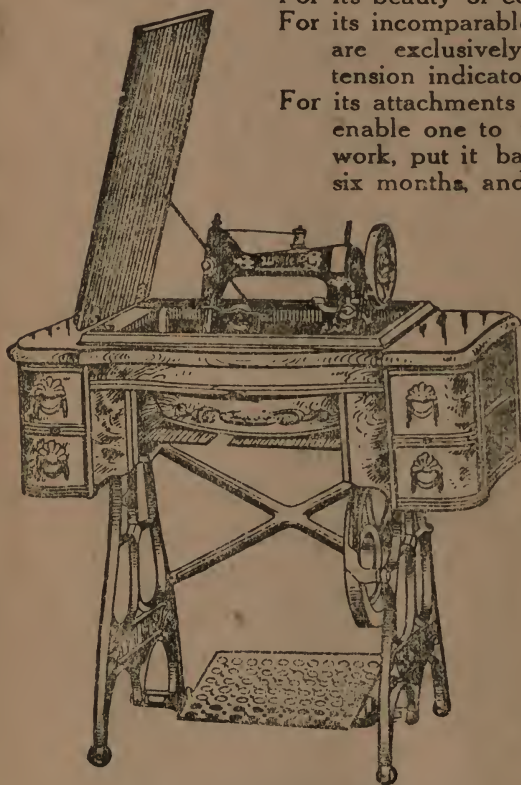
For its light running, easy sewing qualities.

For its fine mechanical adjustment.

For its beauty of construction and durability.

For its incomparable labour-saving devices, which are exclusively WHITE—for example, its tension indicator.

For its attachments and improved features, which enable one to remove a piece of unfinished work, put it back on again in a month or six months, and get exactly the same results.



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